



# **TARIFF POLICY**

## **2018/2019**

## Contents

<b>1. PREAMBLE .....</b>	<b>3</b>
<b>2. SCOPE OF THE POLICY .....</b>	<b>3</b>
<b>3. OBJECTIVES.....</b>	<b>3</b>
<b>4. PRINCIPLES .....</b>	<b>4</b>
<b>5. DEFINITIONS.....</b>	<b>4</b>
<b>6. APPLICABLE LEGISLATIVE FRAMEWORK .....</b>	<b>5</b>
<b>7. TARIFF POLICY .....</b>	<b>5</b>
<b>8. DIFFERENTIATION FOR TARIFF PURPOSES .....</b>	<b>6</b>
a) Categories of users.....	6
b) Categories of services .....	7
<b>9. AFFORDABLE TARIFFS.....</b>	<b>7</b>
9.1. PAYMENT FOR SERVICES.....	8
9.2. LOCAL ECONOMIC DEVELOPMENT AND COMPETITIVENESS.....	8
9.3. SERVICE DELIVERY SUSTAINABILITY .....	8
9.4. TARIFF DETERMINATION.....	9
9.5. REVENUE SOURCES .....	10
9.6. RECONNECTION FEES.....	10
<b>10. TARIFF TYPES .....</b>	<b>10</b>
<b>11. MINOR TARIFFS .....</b>	<b>11</b>
<b>12. ACCESS TO BASIC SERVICES.....</b>	<b>12</b>
<b>13. REVIEW OF TARIFFS.....</b>	<b>12</b>
<b>15. UNIT OF MEASUREMENT .....</b>	<b>13</b>
<b>16. POLICY ADOPTION.....</b>	<b>14</b>
<b>17. EFFECTIVE DATE .....</b>	<b>14</b>

## 1. PREAMBLE

- a) The tariff policy is complied, adopted and implemented in terms of the Municipal Systems Act
- b) This policy guides the levying of fees for services provided by the municipality or by way of service delivery agreements. In setting of the tariff the Municipality shall at all times take due consideration to tariffs applicable elsewhere in the sector and broadly in the economic region.
- c) The latter consideration seeks to address the impact which policy tariffs may have on local economic development.
- d) It is imperative for the Municipality to acknowledge that the tariff policy must be driven by the current economic provisions: revenue adequacy and certainty, sustainability, effectiveness and efficiency; accountability, transparency and good governance –equity and redress as well as imperatives for development and investment.

## 2. SCOPE OF THE POLICY

- a) It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the Policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Schedule of Tariffs, which must be read in conjunction with this Policy
- b) The policy is applicable to all tariffs for electricity, rates solid waste, and other minor services provided by the Municipality.

## 3. OBJECTIVES

- a) The policy objectives are to ensure that:
  - (i) The tariffs of the Municipality conform to acceptable policy principles
  - (ii) Municipal services are financially sustainable
  - (iii) There is certainty in the Municipality, of how the tariffs will be determined
  - (iv) Tariffs of the Municipality comply with the applicable legislation

## 4. PRINCIPLES

- a) The basic principles and long-term goals for the Municipality is to include equity in service provision and sustainability of service levels through economic and effective funding of efficient services
- b) Where a service is provided primarily for the benefit of an individual user and the actual service or consumption can be recovered from the individual by means of tariffs.
- c) When a service connection is made a sundry tariff should be used and when a metered amount of a service is consumed a consumption based tariff should be used. Where Sundry tariffs and consumption based tariffs are used, they must comply with this policy.
- d) Where an individual user's consumption can be metered, electricity and water will be charged for using Consumption-based Tariffs.

## 5. DEFINITIONS

- a) **"Municipal area"** Means the area in respect of which the Municipality has executive and legislative authority as determined by the constitution and National legislation and the area demarcated by the demarcation act
- b) **"Municipal Council"** means a municipal Council as referred to in section 57 of the constitution.
- c) **"Poor Households"**: Means those households in the Municipal area that cannot afford to pay either the enter tariff charge for the municipal service , or part of it, also means those households in the municipal area living in the property with a municipal valuation under R15000 and earn less than R1560 per month
- d) **"Tariff Policy"** means a policy on the levying of fees, rates and taxes for the Municipal services provided by the Municipality itself and that complies with the Municipal Systems Act.
- e) **"Recovery Cost"** resource management expenditure refers to those activities that are required to regulate , manage and maintain the service
- f) **"Capital Costs (Deprecation)"** Capital cost expenditure is the Councils obligation to meet the repayments on loans negotiated to finance the provision of the service.
- g) **"Disconnection fee"** means a fee charged to a customer upon termination or restriction of a municipal service supplied to a meter
- h) **"MFMA"** means Local Government: Municipal Finance Management Act,2003
- i) **"Re-connection Fee"** means fee charge to a Customer upon reconnection of Municipal services

## 6. APPLICABLE LEGISLATIVE FRAMEWORK

- a) In terms of section 62 (1) of the Municipal Finance Management Act (MFMA) the accounting officer is responsible for managing the fiscal administration of the municipality and in terms of Section (1)(f), must for this purpose take all reasonable steps to ensure that the municipality has and implements a tariff policy referred to in section 74 of the Municipal Systems Act
- b) In terms of section 74 (3) of the Municipal Systems Act a tariff policy may differentiate different categories of users, debtors, service providers, services and geographical areas subject to ensuring no unfair discrimination.
- c) For the purposes of this policy, the Regional Services Councils Act No. 109 of 1998, Municipal Finance Management Act No. 53 of 2003 and the Local Government Municipal Systems Amendment Act No. 44 of 2003 has been used as reference.

## 7. TARIFF POLICY

Section 74(2) of the Municipal Systems Act sets out principles that must be reflected in this Policy. These principles are applied in the following manner:

- a) Users of municipal services should be treated equitably in the application of tariffs
- b) The amount individual users pay for municipal services should generally be in proportion to their use of that service;
- c) Poor households must have access to at least basic services through
- d) Tariffs that cover only operating and maintenance costs
- e) Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service
- f) Any other direct or indirect method of subsidisation of tariffs for poor households
- g) Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- h) Tariffs must be set at levels that facilitate the financial sustainability of service, taking into account subsidisation from sources other than the service concerned
- i) Provision may be made in appropriate circumstances for a surcharge on the tariff for service

- j) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users
- k) The economical , efficient and effective use of resources, the recycling of waste , and other appropriate environmental objectives must be encouraged; and
- l) The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed
- m) The Municipality's tariff policy must-
  - (i) Specify the manner in which the principles referred to in subsection (2) are to be implemented
  - (ii) Specify the basis of differentiation, if any, between different categories of users, debtors,, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination; and
  - (iii) Include any further enforcement mechanism the municipality may wish to impose in addition to those contained in the Credit Control and Debt Collection By-law and policy, and any other municipal policies

## 8. DIFFERENTIATION FOR TARIFF PURPOSES

Section 74 (3) of the Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination. The nature and basis for differentiation for tariff purposes of the Municipality are set below. Each municipal service is not compelled to differentiate for tariff purposes, but where it does; the differentiation must be consistent with the framework set out below, and the separate tariff must be applicable for category that is dined

### a) Categories of users

The following categories of users may be defined, provided that they do not contradict the Municipal Rates Policy:

- (i) Residential or Domestic
- (ii) Non – Residential
  - (1) Commercial
  - (2) Industrial
  - (3) Government

- (4) State-owned enterprises
- (5) Vacant land
- (6) Agricultural land
- (7) Hostels
- (8) Educational Institutions
- (9) Municipal
- (10) Religious Institutions
- (11) Charities/NPO
- (12) Cemeteries

b) Categories of services

The following criteria may be used in defining categories of services:

- (i) Type of service
- (ii) Category of user
- (iii) Level of consumption
- (iv) Type of connection
- (v) Time of use.

## 9. AFFORDABLE TARIFFS

- a) The Alfred Duma Local Municipality undertakes to keep tariffs at affordable levels and will ensure that:
  - (i) Services are delivered at an appropriate level
  - (ii) Efficiencies are built into all Municipal operations
  - (iii) Performance management system is introduced to ensure that plans that are devised are actually implemented , that resources are obtained as economically as possible , used efficiently and effectively and that appropriate service delivery mechanisms are used
- b) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Municipality is by law required to provide such service.
- c) To increase affordability for indigent persons, Municipality will ensure that its equitable share of revenue raised nationally, will be used to efficiently subsidise a certain level of basic services for them.

### 9.1. PAYMENT FOR SERVICES

- a) Notwithstanding the provision for a minimum amount of free basic services consumers of services must pay for the amount of services that they use.
- b) Where it is possible to measure the consumption of services, the municipality to install metering systems
- c) In this regard the municipality will develop and fast-track a programme of installing meters where such meters remain outstanding. In line with the latter, it is Council's policy that the tariff for such services must include all relevant cost factors as stated above

### 9.2. LOCAL ECONOMIC DEVELOPMENT AND COMPETITIVENESS

- a) The size of the service charge accounts presented to local businesses is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival.
- b) The municipality will therefore be sensitive that municipal accounts presented to local businesses are fair by amongst others, considering the desire:
  - (i) To promote local economic competitiveness and
  - (ii) To promote local economic development and growth

### 9.3. SERVICE DELIVERY SUSTAINABILITY

- a) The Municipality ensure that the service that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient
- b) The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.
- c) Sustainability does not only mean that the price of the services must include all relevant costs element, it also means that the charges to be levied must be collected.
- d) The Council shall therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are recovered.



#### 9.4. TARIFF DETERMINATION

- a) Tariffs represent charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs shall be calculated in various different ways, dependent upon the nature of the service being provided.
- b) Tariffs shall be set in such a manner so as to recover the full cost of the service being provided or recover a portion of those costs, or to bring about a surplus that can be utilized to subsidise other non-economical services.
- c) In special circumstance , such as significant increases in the cost price of goods and services , the Council will review its tariffs during the preparation of the annual budget
- d) Proposed tariffs shall be presented to the community during the Council's consultations about the budget. Immediately after the Council has determined or amended a tariff, the Accounting Officer must clearly display it at all offices of the Municipality as well as at such other places within the Municipal areas he/she may determine. The notice must state
  - (i) The general purpose of the resolution
  - (ii) The date on which the determination or amendment comes into operation
  - (iii) The date on which the determination or amendment comes into operation
  - (iv) The date on which the notice is displayed
  - (v) That any person who desires to object to such determination or amendment must do so in writing within 21 days after the date on which the notice was displayed and
  - (vi) That any person who cannot write may come during office hours to place where a staff member of the Municipality named in the notice will assist that person to transcribe his objection.
- e) If no objection is lodged within the period stated in the notice the determination or amendment will come into operation on the date determined by the municipality. Where an objection is lodged, the Municipality will consider every objection.
- f) The Municipality shall, after it has considered all objections, confirm, amend, or withdraw the determination or amendment will come into operation.
- g) After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

## 9.5. REVENUE SOURCES

- a) The Council shall finance the affairs of the Municipality by
  - (i) Charging fees for services
  - (ii) Imposing surcharges on fees, interest and to the extent authorised by national legislation, other taxes, levies and duties.
- b) The Municipality shall establish appropriate mechanisms, procedures and process to ensure community participation in, amongst other things, the preparation of its budget.
- c) The following provision shall be applicable:
  - (i) Interest shall be charged at a prime rate per annum/ per month; must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts become due.

## 9.6. RECONNECTION FEES

Reconnection fee shall be charged on all disconnected services.

# 10. TARIFF TYPES

In determining the type of tariff applicable to the type of service the Council shall make use of the following nine options or a combination of the same:

- a) **Single tariff:** this tariff shall consist of a fixed cost per unit consumed. All costs will therefore be recovered through a unit charges at the level of breakeven consumption. On good cause, the Council may approve percentage surpluses on primary services. The percentage surpluses shall be added to the fixed and variable costs of the service for the purpose of calculating the tariff
- b) **Cost related two-to-four part tariff:** This tariff shall consist of two-to-four parts .Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed.
- c) **Inclining block tariff:** this tariff is based on consumption levels being categorized into blocks, the tariff being determined and increased as consumption levels increase.

- d) **Declining block tariff:** this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.
- e) **Time-Of-Use Tariff:** This tariff is on fixed charges, seasonal usage and time differentiated energy consumption and demand charges
- f) **Availability Tariff:** This is a certain type of Basic charge and must be charged in a fix rate. It is associated with electricity services; where the area of the household is fully serviced by the appropriate infrastructure for the rendering of the service. Yet; the household address, by choice of the owner, is not connected service supply system (infrastructure) of the service. The household address shall be liable for the availability tariff even though there is no consumption on the address premises.
- g) **Auxiliary or Sundry Tariff:** This tariff is applicable to all services and facilities where and when the cost cannot be determined accurately or where the tariff is intended only as control measure rather than cost recovery. It is applicable to all uses which are not covered under any of the foregoing tariff types.
- h) **Regulating Tariff:** This tariff is only for regulatory nature. It may recover either the full or portion of the cost associated with rendering of the service.
- i) **Punitive Tariff:** This tariff is applicable to instances of the imposition of penalty charges for particular acts or defaults or in instances where the charge is intended to discourage a particular behaviour or excessive consumption of a service. Some of the instances are created in terms of other duly approved policies and bylaws of the municipality; whilst other instances may be created by a resolution of the Council.

## 11. MINOR TARIFFS

- a) All minor tariffs shall be approved by the Council in each annual budget, and shall, when deemed appropriate by the Council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- b) The following services shall be considered as community services, and no tariffs shall be levied for their use:
  - (i) Disposal of garden refuse at the Municipal tip site
  - (ii) Municipal reference library

- c) The following services shall be considered as economic services , and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:
  - (i) Maintenance of graves and garden of remembrance (cremations)
  - (ii) Rentals for the use of Municipal halls and other premises
  - (iii) Building plan fees
  - (iv) Development Applications (Town Planning ) Fees
  - (v) Photostat copies and fees
  - (vi) Clearance certificates
- d) The following charges and tariffs shall be considered as regulatory or punitive and shall be determined as appropriate in each annual budget:
  - (i) Municipal Swimming pool
  - (ii) Municipal museum and art gallery
  - (iii) Fines for lost or overdue library books
  - (iv) Advertising sign fees
  - (v) Pound fees
  - (vi) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection
  - (vii) Penalty charges for the submission of dishonoured, stale , post-dated or otherwise unacceptable cheques
- e) Market related rentals shall be levied for the lease of Municipal properties

## 12. ACCESS TO BASIC SERVICES

- a) Tariffs should seek to ensure that a minimum level of service is affordable for all households, ensuring all households (formal and informal) have access to basic services.
- b) The Municipality shall consider relief in respect of a Tariff, for the Indigent to the extent that the Municipal Council deems such relief affordable in terms of each annual budget

## 13. REVIEW OF TARIFFS

All Tariffs shall be reviewed annually

## 14. SPECIAL TARIFFS

- a) Special tariffs may be imposed, subject to approval by Municipal Council:
  - (i) In terms of an agreement entered into between the Municipality and any person or service provider, in line with applicable legislation. Such agreement must be approved by the Municipal Council or
  - (ii) In terms of a service level agreement entered into between the 176(b) of the ACT
  - (iii) Special Tariffs are generally competitive, determined by the volumes and income generated.

## 15. UNIT OF MEASUREMENT

The following units of measurement will, where possible, be used to determine tariffs:

### a) Electricity

- (i) Maximum demand plus fixed costs plus KWH consumed.
- (ii) Fixed costs plus kWh consumed.
- (iii) kWh consumed (kWh – Kilowatt hour)
- (iv) Kva (KVA- Kilovolt ampere)

### b) Refuse removal

- (i) The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the Council in each annual budget.
- (ii) Tariff adjustments shall be effective from 1 July each year.
- (iii) A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:
  - (1) Domestic and other users
  - (2) Business and other users
  - (3) Business and other (bulk consumers)
- (iv) Registered indigents may receive such discount on this charge as the Council deems affordable when approving each annual budget.

## 16. POLICY ADOPTION

This Policy is adopted and approved by the full Council of Alfred Duma Local Municipality for implementation as follows:

Resolution Number: \_\_\_\_\_

Approval Date: \_\_\_\_\_

## 17. EFFECTIVE DATE

This Policy shall become effective as from the following Date: \_\_\_\_\_

	2018-2019	2019-2020
<b>1. NUISANCES BY LAWS</b> Destruction and/or removal of things		
(1.1) Destruction of thing or things	R 111.50	R 122.65
(1.2) Plus removal of thing or things per kilometer per cubic metre or part thereof		
(3) Actual cost of labour shall be Added	R 2.47	R 21.32
(1.3) Clearing of grass and weeds from privately owned stands at a cost of (VAT included) Plus 10% of the cost.		
(1.4) Removal of stray animals	R 2.50	R 2.60
<b>2. PUBLIC HEALTH BYLAWS</b> Removal of refuse and carcasses	R57 per animal	R62.70 PER ANIMAL
(2.1) Domestic and business refuse other than that referred to in paragraph (2) thereof.		
(a) Per weekly removal	R 71.21	R 75.48
Per receptacle of 64 l or part thereof, subject to the :		
(i) Private dwellings and flats that are being used exclusively for domestic purposes and non-profit making offices and clubs at a minimum monthly charge of	R 71.21	R 75.48
(ii) Businesses and other premises not included in (i), at a monthly charge of	R 211.40	R 224.08
(b) Per five times weekly removal per receptacle or part thereof with a minimum charge of	R 385.50	R 408.63
Actual cost of labour and machinery shall be added	R 360.55	R 381.12
Le (1) TLB per hour	R 621.17	R 688.44
(2) Tipper Truck		
(2.2) Removal of bulky refuse, per cubic metre or part thereof (minimum 3 m3) on request	R 117.20	R 124.23
(2.3) Removal of carcasses		
(a) Cattle, donkeys, horses and other similar size animals per carcasses	R 327.20	R 346.83
(b) Sheep, pigs, goats per carcass	R 126.78	R 136.51
(c) Dogs and cats, per removal	R 196.55	R 208.34
(d) Any removal after hours, per car-carcass		
(e) Removal of dead animals at Veterinary surgery (per carcass)	R 196.55	R 208.34
(2.4) Removal of refuse from bulk containers (1.75 m <sup>3</sup> )		
(a) Daily removal (excluding Saturdays and Sundays) per container per month	R 2 606.13	R 2 762.50
(b) Thrice weekly removal, per container per month	R 1 744.27	R 1 848.93
(c) Bi-weekly removal, per container per Month	R 898.66	R 920.78
(2.5) Removal of refuse from 30 m3 containers per removal with a minimum of four removals per month, provided that the minimum number of removals shall not apply if the container is temporarily hired for a period of less than one month.	R 1 774.16	R 1 880.60
(2.6) Refuse removal charges in respect of vendors. p.a.	R 97.10	R 102.93
(2.7) Removal of refuse from 10 m3 containers per removal with a minimum of four removals per month; provided that the minimum number of removals shall not apply if the container is temporarily hired for a period of less than one month.	R 1 162.95	R 1 232.62
Hiring of Refuse Container		
30m3	R 1 603.84	R 1 698.85
10m3	R 1 146.84	R 1 215.43

**3. POUND BYLAWS**  
Relocation, conviction and maintenance of livestock

(3.1) Fees and costs payable to the Pound Keeper. The Pound Keeper shall be entitled to charge the owner of impounded animals with fees at the following rates:

(a) Pound Fees:

(i) For every sheep, goat, calf or pig (ii) For every bull, stallion, ridge, horse, mule, ass, ox or cow	2018-2019 R 15.00 R 50.00	2019-2020 R 16.50 R 55.00
<b>(3.2) IMPOUNDED ANIMALS</b>		
<b>REMOVAL OF ANIMALS FROM PRIVATE PROPERTY</b>		
<b>-DOGS AND CATS-</b>		
(a)Transport to be calculated per km travelled and the AA Rate Schedule for the month.		
(b)Housing per animal for 7 days		
(c)Euthanasia cost per animal		
(d)Removal of carcasses		
	R 350.00 R 270.00 R 177.75	R 385.00 R 297.00 R 195.53
<b>4. CEMETERY FEES</b>		
<b>Burial and cemetery fees</b>		
<b>(4.1) Colerain / Township Cemeteries</b>		
(a) Burial fees during the hours 7:30 – 15:00		
(i) Adults	R 120.00	R 130.00
(ii) Children under 12 years of age	R 80.00	R 85.00
<b>(4.2) Cemetery RD Cemetery</b>		
(a) Burial fees after hours (between 15:00 and 07:30 or on Saturdays, Sundays and public holidays including burial, and/or preparation and/or backfilling of grave);		
(i) Adults	R 700.00	R 740.00
(ii) Children under 12 years of age	R 420.00	R 440.00
<b>(4.3) Blue Bank Cemetery</b>		
(a) Burial fees after hours (between 15:00 and 07:30 or on Saturdays, Sundays and public holidays - including plot, burial, and/or preparations and/or backfilling of grave);		
(i) Adults	R 750.00	R 790.00
(ii) Children under 12 years of age	R 450.00	R 480.00
<b>(4.4) Second interment (in existing grave deeper than 1.83 m) and/or reinterment</b>		
(a) During the hours 07:30 – 15:00:		
(i) Adults	R 150.00	R 160.00
(ii) Children under 12 years of age	R 120.00	R 130.00
<b>(b) After hours (between 15:00 and 07:30 or on Saturdays, Sundays and public holidays – including burial and/or preparation and/or backfilling of grave)</b>		
(i) Adults	R 435.00	R 460.00
(ii) Children under 12 years of age	R 435.00	R 460.00
<b>(4.5) Interment of ashes in existing grave:</b>		
(a) Adults and children	R 140.00	R 150.00
<b>(4.6) Interment of ashes in memorial wall:</b>		
(a) Adults and children	R 290.00	R 306.00
<b>(4.7) Site fees:</b>		
(a) Adults, standard grave 2.4 m	R 375.00	R 395.00



	2018-2019	2019-2020
(4.8) Cemetery fees:		
(b) Children under 12 years of age, standard grave 1.2 m		
(a) Adults	R 210.00	R 220.00
(b) Children under 12 years of age		
(a) During the hours 07:30 – 15:00	R 605.00	R 640.00
(b) Second interment (burial in an existing grave deeper than 1,83 m) and/or re-interment	R 470.00	R 485.00
(c) During the hours 07:30 – 15:00		
(i) Adults	R 760.00	R 830.00
(ii) Children	R 760.00	R 830.00
(4.10) After hours (between 15:00 and 07:30 or on Saturdays, Sundays and public holidays – including burial		
(a) Adults	R 1 120.00	R 1 160.00
(b) Children under 12 years of age	R 1 120.00	R 1 160.00
(4.11) Interment of ashes in existing grave		
(a) Adults and children	R 240.00	R 250.00
(4.12) Interment of ashes in memorial wall:		
(a) Adults and children	R 660.00	R 720.00
(4.13) Non-standard grave (wider than 0.7 m and/or longer than 2.2 m):		
(a) Residents and non-residents, an additional amount of	R 155.00	R 160.00
(4.14) Exhumation fees:		
(a) Adults and children	R 825.00	R 870.00
(4.15) Approval of plan for erection of tombstone	R 190.00	R 200.00
(4.16) Memorial panel	R 165.00	R 156.00
(4.17) Rural Area Cemeteries		
(a) Burial fees during the hours 7:30 - 15:00		
(i) Adults	R 85.00	R 90.00
(ii) Children under 12 years of age	R 60.00	R 53.00
(4.18) Certificate of Competence: Funeral Services	R 1 837.49	R 1 940.40
(4.19) Informal Rural Area Cemeteries (digging services)	R 100.00	R 110.00

## 5. TARIFFS RELATING TO PARKS, SPORTS GROUNDS ETC.

The following fees shall be paid upon application for the hire of any sports fields or municipal recreation grounds or portion thereof in respect of each event which includes the cost of the marking of fields for the purpose it was intended for:

	2018-2019	2019-2020
<b>(5.1) Settler's Park Sports Ground (original layout : cricket, rugby and hockey)</b>		
(a) Ordinary club matches, per field	R 350.00	R 370.00
(b) School matches	R 120.00	R 130.00
(c) Provincial matches, Natal country districts, sub-union and inter-districts per field	R 500.00	R 530.00
(d) Social and similar events of a non-professional nature, per field	R 500.00	R 530.00
(e) Matches of professional bodies:		
(i) Weekdays, per field	R 380.00	R 400.00
(ii) Saturdays, per field	R 510.00	R 540.00
(iii) Sundays, per field	R 625.00	R 660.00
(f) Training sessions by sporting bodies/clubs (athletics) per club/per practice (limited to 90mins) - application to be submitted in writing	R 300.00	R 320.00
(g) Training sessions by sporting bodies/clubs per season (Applications to be submitted in writing)	R 1 110.00	R 1 170.00
<b>(5.2) Agre (original lay-out : cricket)</b>		
(a) Ordinary matches, per field	R 250.00	R 265.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 680.00	R 695.00
(c) School matches	R 205.00	R 215.00
<b>(5.3) Azazelvale (original lay-out: soccer)</b>		
(a) Ordinary matches, per field	NIL	NIL
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	NIL	NIL
(c) School matches	NIL	NIL
(d) Training sessions by sporting bodies/clubs (athletics) per club/per practice (limited to 90mins) - application to be submitted in writing	NIL	NIL
<b>(5.4) Azalea Crescent (orig)</b>		
(a) Ordinary matches, per field	NIL	NIL
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	NIL	NIL
(c) School matches	NIL	NIL
<b>(5.5) Limit Hill (ordinary lay-out : netball &amp; soccer)</b>		
(a) Ordinary matches, per field	R 95.00	R 100.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 100.00	R 105.00
(c) School matches	R 85.00	R 100.00
<b>(5.6) Marking of fields for practice purposes</b>		
(a) Ordinary matches, per field	R 185.00	R 195.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
<b>(5.7) Marking of fields for purposes other than which was intended as well as moving of equipment (other than athletic tracks)</b>		
(a) Ordinary matches, per field		
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof		
(c) School matches		
<b>(5.8) Original charge plus cost plus 10%</b>		

	2018-2019	2019-2020
(a) Training sessions by sporting bodies / clubs (limited to 90 mins) - application to be done in writing	R 75.00	R 80.00
(b) Per season All applications to be in writing	R 800.00	R 910.00
(5.9) Use of any sports fields for political meetings per day		
(a) Plus refundable deposit of	R 5 000.00	R 5 300.00
(b) Concerts per day	R 820.00	R 970.00
(5.10) A deposit of is payable by professional bodies	R 7 000.00	R 7 390.00
(a) and by non-professional bodies in respect of the use of any of Council's sports grounds for social and similar	R 950.00	R 1 000.00
	R 615.00	R 650.00
(5.11) A refundable deposit must be paid to obtain the keys to sports grounds, which deposit will be refunded upon return of the keys.	R 180.00	R 190.00
(5.12) A penalty will apply for any late booking of a field, which booking will only be accepted in instances where no preparation of a field is required. Final confirmation of booking as well as payment must be made three (3) working days in advance.	R 190.00	R 190.00
(5.13) In addition to the applicable tariff, a refundable deposit of R must be paid for any sporting event. The deposit less any amount required for reinstatement of the field shall be refunded to the hirer..	R 190.00	R 200.00
(5.14) Marking of athletics tracks		
(a) 4 athletics tracks	R 245.00	R 260.00
(b) 8 athletics tracks	R 720.00	R 760.00
(5.15) Hiring of plants		
(a) Small plants (per group of 20)	R 120.00	R 125.00
(b) Large trees (per group of 10)	R 245.00	R 260.00
(c) Refundable deposit for hiring of plants	R 380.00	R 400.00
(d) Penalty for plants not returned within 3 days	R 380.00	R 400.00
(5.16) Complete decorations by Horticulture Team (within the Jurisdiction of the Alfred Duma Local Municipality at transport rate of R 1.00 per km or current AA rate)	nil	nil
(5.17) Driefontein Sportfield & AG Magubane ; Ezakheni & Makhomane		
(a) Ordinary matches, per field (per 90 minutes)	R 150.00	R 160.00
(b) Other purposes or social events (whether charges for admission are levied or not), per hour	R 150.00	R 160.00
(c) School matches	R 200.00	R 20.00
(5.18) Kandaar sport field (original lay-out : soccer)		
(a) Ordinary matches, per field	R 345.00	R 385.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 615.00	R 650.00
(c) School matches	R 120.00	R 125.00
(5.19) Ezakheni sport field(original lay-out : soccer)		
(a) Ordinary matches, per field	R 120.00	R 125.00

	2018-2019	2019-2020
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
(c) School matches	R 120.00	R 125.00
(6.20) Roseboom sport field(original lay-out : soccer)		
(a) Ordinary matches, per field	R 120.00	R 125.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
(c) School matches	R 120.00	R 125.00
(6.21) Melkrose sport field(original lay-out : soccer)		
(a) Ordinary matches, per field	R 120.00	R 125.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
(c) School matches	R 120.00	R 125.00
(6.22) Burford sport field(original lay-out : soccer)		
(a) Ordinary matches, per field	R 120.00	R 125.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
(c) School matches	R 120.00	R 125.00
(6.23) Bluebank sport field(original lay-out : soccer)		
(a) Ordinary matches, per field	R 120.00	R 125.00
(b) Other purposes or social events (whether charges for admission are levied or not), per day or part thereof	R 200.00	R 210.00
(c) School matches	R 120.00	R 125.00
6. PUBLIC SWIMMING BATHS AND PARKS		
(6.1) Buller Road swimming bath:		
(a) Adults	R 24.00	R 25.00
(b) Full-time scholars and children under 16 years	R 12.00	R 13.00
(c) Season tickets (available for swimming season)		
(i) Adults	R 230.00	R 240.00
(ii) Full-time scholars and children under 16 years	R 120.00	R 125.00
(4) Gates:		
(i) Morning sessions- 08.00-13.00	R 410.00	R 430.00
(ii) Afternoon sessions- 13.00-20.00	R 1 170.00	R 1 240.00
(6.2) Agre Crescent swimming bath		
(a) Adults	R 17.00	R 18.00
(b) Full-time scholars and children under 16 years	R 8.00	R 8.50
(c) Gates and other events:		
(i) Morning or afternoon sessions	R 260.00	R 275.00
(ii) Evening sessions	R 365.00	R 385.00
(6.3) Linet Hill swimming bath		

(a) Adults	2016-2019	R 13,00	2019-2020	R 14,00
	(b) Scholars and children under 16 yrs	R 7,00		R 7,50
(c) Games and other events:	(i) Morning or Afternoon sessions	R 280,00	R 275,00	
	(ii) Evening sessions	R 385,00	R 385,00	
(d) Baptism:				
All combo courts	(i) Morning - 08:00-11:00	R 200 per hour	R 210,00	
		R 150 per match	R 160,00	
(6.4) Township swimming pools				
Colenso, Ezakheni E and C				
(a) Adults		R 8,00	R 8,50	
(b) schoolers and children under 16 yrs		R 5,00	R 5,50	
(c) Games and other swimming events				
(i) Morning session		R 280,00	R 295,00	
(ii) Afternoon session		R 370,00	R 390,00	
(d) Baptism:				
(i) Morning - 08:00-11:00		R 200 per hour	R 210,00	
(6.5) Rural swimming pools (St Chads Swimming Pool)				
(a) Adults		R 7,00	R 7,50	
(b) Schoolers and children under 16 yrs		R 5,00	R 5,50	
(c) Games and other events:				
(i) Morning or Afternoon Sessions		R 275,00	R 290,00	
(ii) Evening Sessions		R 395,00	R 420,00	
(d) Baptism				
(i) Morning 08:00 - 11:00		R145 per hour	R 150,00	
(e) Indoor gym member per month				
Adults		R 60,00	R 65,00	
Childrens		R 25,00	R 25,50	
(6.6) Winy Park				
(a) Weddings per hour (until 13:00)		R 1 350,00	R 1 430,00	
(6.7) Emerald Parks and Steadville Parks				
(a) Wedding per hour		R 1 250,00	R 1 320,00	
(6.8) Colenso Park				
(a) Wedding per hour		R 700,00	R 740,00	
(6.9) Colenso Gym				
(a) Adults per month		R 100,00	R 105,00	
Scholars per month		R 50,00	R 55,00	
(6.10) Kipbank Recreational Park				
(a) Wedding per hour (until 12:00)		R 1 350,00	R 1 430,00	
(6.11) Mkhamba Gardens Recreational Park				
(a) Wedding per hour (until 12:00)		R 1 350,00	R 1 430,00	

## 7. PRINTING OF PLANS:

The following fees shall be paid for the printing of plans

- (a) for each 0,10m2 or portion thereof for paper prints R .81 with a minimum of R4,70
- (b) for each 0,10m2 or portion thereof for sepia prints R4,58 with a minimum of R12,00
- (c) photostat copies per copy

2018-2019

2019-2020

- R 0.06 R 1.00
- R 5.47 R 5.00
- R 0.86 R 1.00

GIS PLAN Size of paper:	2017/2018		2018/2019		2019/2020	
	FULL COLOUR	LINE MAP	FULL COLOUR	LINE MAP	FULL COLOUR	LINE MAP
A4	R 20,41	R 12,76	R 21,43	R 13,39	R 22,50	R 14,06
A3	R 44,05	R 26,51	R 46,88	R 28,78	R 49,23	R 28,12
A2	R 70,10	R 38,27	R 73,57	R 40,78	R 77,35	R 42,19
A1	R 101,34	R 63,78	R 200,81	R 66,87	R 210,95	R 70,31
A0	R 255,12	R 127,56	R 287,87	R 133,94	R 281,27	R 140,64

## 8. DEVELOPMENT APPLICATIONS

### A. CATEGORY 1 APPLICATIONS

(1) The establishment of a township or the extension of the boundaries of a township

(2) The amendment of an existing scheme or land use scheme by the rezoning of land

(i) If the property is between 10m<sup>2</sup> - 1ha;

(ii) If the property is 1,1ha - 3ha;

(iii) R4000.00 If the property is between 3,1ha - 6ha;

(iv) If the property is between 6,1ha - 8ha

(v) If the property is between 8,1ha and above

(3) The removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of the land.

(4) The amendment or cancellation in whole or in part of a general plan of a township.

(5) The subdivision and consolidation of any land other than a subdivision and consolidation which is expressly provided for in a land use scheme.

(6) Permanent closure of any public place.

(7) Any consent or approval required in terms of a condition of title, a condition of establishment of a township or condition of an existing scheme or land use scheme.

- R 14 868,55 R 14 800,00
- R 4 563,30 R 4 600,00
- R 5 808,86 R 5 850,00
- R 7 155,59 R 7 200,00
- R 8 514,45 R 8 600,00
- R 13 511,82 R 13 200,00
- R 2 226,00 R 2 250,00
- R 1 357,86 R 1 400,00
- R 1 357,86 R 1 400,00
- R 2 782,50 R 2 800,00
- R 1 357,86 R 1 400,00

B. CATEGORY 2 APPLICATIONS

(1) The subdivision of any land where such subdivision is expressly provided for in a land use scheme.

(i) Subdivisions into two properties jointly less than a ha.		
(ii) Subdivisions into 3 properties jointly less than a ha.	R 2 025,90	R 2 050,00
(iii) Subdivision into 4 properties jointly less than a ha.	R 3 394,85	R 3 400,00
(iv) Subdivision into 2 properties above a ha.	R 3 650,64	R 3 700,00
(v) Subdivision into 3 properties above a ha.	R 3 650,64	R 3 700,00
(vi) Subdivision into 4 properties above a ha but less than 10 ha.	R 4 463,13	R 4 500,00
(vii) Subdivision above 10ha - 30ha	R 5 408,18	R 5 450,00
(viii) Subdivision above 31ha - 50ha	R 10 128,30	R 10 200,00
(ix) Subdivision above 51ha and above	R 11 486,16	R 11 500,00
	R 16 205,28	R 16 250,00
(2) The consolidation of any land where such consolidation is expressly provided for in a land use scheme		
(i) If consolidated Properties are less than 1ha;	R 4 463,13	R 4 500,00
(ii) If consolidated Properties are between 1ha and above;	R 8 102,84	R 8 150,00
(3) The simultaneous subdivision and consolidation of land which is expressly provided for in a land use scheme	R 8 347,50	R 8 400,00
(4) The consent of the municipality for any land use purpose or departure development application		
(i) Fees payable on application for special consent other than those listed on the sub-categories below	R 1 352,30	R 1 400,00
(ii) For a Truck Shop	R 205,91	R 210,00
(iii) Payable for B&B / Guesthouse/Lodge/Motel.	R 6 079,96	R 6 100,00
(iv) If application for special consent is for offices within predominantly residential areas	R 6 076,98	R 6 100,00
(v) Fees payable on submission for Relaxations, refundable for non approved application	R 1 012,83	R 1 100,00

	2016-2019	2019-2020
(v) applicable for relaxation of either side or rear space	R 1 485.88	R 1 500.00
(vi) applicable for building line	R 2 871.71	R 3 000.00
(vii) Additional Coverage	R 133.56	R 140.00
(ix) Floor Area Ratio (FAR)	R 133.56	R 140.00
(9.1) The removal, amendment or suspension of a restrictive title condition relating to the density of residential development on a specific erf where the residential density is regulated by a land use scheme in operation.	R 2 003.40	R 2 100.00
<b>C. CATEGORY 3 APPLICATIONS</b>		
(i) Establishment of new zones for the scheme	R 4 452.00	R 4 600.00
(j) Establishment of development controls and changes thereto	R 4 452.00	R 4 500.00
<b>D. CATEGORY 4 APPLICATIONS</b>		
1. Development of land outside the scheme		
(i) If the property is between 10m <sup>2</sup> - 1ha;	R 1 350.73	R 1 400.00
(ii) If the property is 1,1ha - 3ha	R 1 350.73	R 1 400.00
(iii) If the property is between 3,1ha - 6ha	R 1 350.73	R 1 400.00
(iv) If the property is between 6,1 ha - 6ha	R 1 350.73	R 1 400.00
(v) If the property is between 10ha and above (R3500 + 500 per ha)	R 1 350.73	R 1 400.00
<b>E. ZONING CERTIFICATE</b>		
<b>08. ADVERTISING SIGNS</b>		
Fees payable on application for permission to erect advertising signs on public property.	R 22.26	R 25.00
(9.1) Fees payable on application for permission to erect temporary advertising signs on public property : Application fees	R 148.58	R 150.00
(9.2) Deposit, refundable if advertising signs are removed within three days of the event being advertised and if no damage was done to public property	R 873.51	R 900.00
(9.3) Permanent and semi - permanent Advertising signs		
(a) Illuminated small billboards		
(i) Application fee	R 14 888.03	R 14 900.00
(ii) Annual rental fee for Council land	R 877.97	R 900.00
(iii) Annual display fee	R 1 820.88	R 1 650.00



	2018-2019	2019-2020
(b) Illuminated giant billboards		
(i) Application fee	R 20 716.06	R 20 500.00
(ii) Annual rental fee for Council land	R 877.97	R 900.00
(iii) Annual display fee	R 1 620.86	R 1 650.00
(c) LCD LED Screen		
(i) Application fee	R 20 716.06	R 20 500.00
(ii) Monthly rental fee for Council land	R 877.97	R 900.00
(iii) Monthly display fee	R 1 620.86	R 1 650.00
(d) Giant billboards		
(i) Application fee	R 20 280.95	R 20 300.00
(ii) Monthly rental fee for Council land	R 675.37	R 700.00
(iii) Monthly display fee	R 1 148.12	R 1 200.00
(e) Custom made billboards		
(i) Application fee	R 20 280.95	R 20 300.00
(ii) Monthly rental fee for Council land	R 675.37	R 700.00
(iii) Monthly display fee	R 1 148.12	R 1 200.00
(f) Small billboards and tower structures		
(i) Application fee	R 8 112.03	R 8 150.00
(ii) Monthly rental fee for Council land	R 676.00	R 700.00
(iii) Monthly display fee	R 1 148.12	R 1 200.00
(g) Large posters and advertisements on street furniture		
(i) Application fee	R 675.37	R 700.00
(ii) Monthly rental fee for Council land	R 405.22	R 450.00
(iii) Monthly display fee	R 810.44	R 850.00
(h) Suburban ads		
(i) Application fee	R 587.31	R 600.00
(ii) Monthly rental fee for Council land	R 405.22	R 450.00
(iii) Monthly display fee	R 810.44	R 850.00
(i) Street name advertisements		
(i) Application fee	R 587.31	R 600.00
(ii) Monthly rental fee for Council land	R 405.22	R 450.00
(iii) Monthly display fee	R 810.44	R 850.00
(j) Flat signs		
(i) Application fee	R 498.77	R 500.00
(ii) Monthly display fee	R 810.44	R 850.00
(k) Projecting signs		
(i) Application fee	R 587.31	R 600.00
(ii) Monthly rental fee for Council land	R 405.22	R 450.00
(iii) Monthly display fee	R 810.44	R 850.00
(l) Veranda, balcony, canopy and under awning signs		
(i) Application fee	R 729.36	R 750.00
(ii) Monthly rental fee for Council land	R 405.22	R 450.00
(iii) Monthly display fee	R 810.44	R 850.00
(m) Signs painted on roofs and walls		
(i) Monthly display fee	R 498.77	R 500.00
(n) Window signs		
(i) Monthly display fee	R 810.44	R 850.00
(o) Advertisements on forecourts of business premises other than the ones mentioned above		
(i) Monthly display fee	R 498.77	R 500.00
(i) Monthly display fee	R 810.44	R 850.00

(p) On- premises business signs other than the ones mentioned above		
	(i) Monthly display fee	
<b>(9.4) Penalties</b>		
(a) For the erection of any temporary sign without approval, per week		
(b) For the erection of any permanent sign without approval, per week per sign		
<b>(9.5) Approval of plans for the erection of permanent advertising / signboards</b>		
Fees payable on application for permission to erect permanent advertising signs on public property.		
(a) Submission fee	R 162.00	R 170.00
(b) Plan approval fee	R 94.55	R 100.00
(c) Foundation and Final Inspection	R 540.20	R 550.00
(d) Building Deposit	R 1 080.50	R 1 100.00
<b>TOTAL</b>	<b>R 1 877.51</b>	<b>R 1 900.00</b>
<b>(9.6) Permanent advertising signs on and not Municipal Land(non refundable) private properties included</b>		
(a) For an illuminated mini billboards also subject to agreement	R 10 208.76	R 10 250.00
(b) For an illuminated giant billboards also subject to agreement .	R 31 066.70	R 31 100.00
(c) For LCD LED Screen also subject to agreement	R 31 066.70	R 31 100.00
<b>10. BUSINESS LICENSE</b>		
Fees payable for business licenses		
<b>(10.1) Fees payable for business licenses</b>		
(a) Application for business inside the Lady Smith CBD annual fee	R 243.00	R 243.00
(b) Application for business licence outside the CBD annual fee	R 243.00	R 243.00
(c) Application for business license in the townships annual fee	R 243.00	R 243.00
<b>(10.2) Handling fees</b>		
(a) Handling Costs - CBD	R 2 181.17	R 2 200.00
(b) Handling Costs - Township	R 810.44	R 850.00
(c) Handling Costs - Rural Areas	R 405.22	R 450.00
<b>11. ILLEGAL USES AND ADVERTISING SIGNS</b>		
Penalties to be paid for illegal operations and advertising signs		
(11.1) On a daily basis for failure to cease operation		
(11.2) Penalty for operating a business without a Business License, per day	R 3 378.83	R 3 400.00
<b>12. URBAN AESTHETICS</b>		
The following fees are payable for the improvement of aesthetics of a building in the CBD		
(1) Monthly for properties inside the CBD not compliant with the CBD Design Guidelines;	R 1 000.00	R 1 200.00
(2) Monthly for properties, where Council has advised the owner to improve the physical appearance of the structure or building	R 3 378.83	R 3 400.00
	R 2 971.81	R 3 000.00

**13. SCANNING TARIFFS**  
The following fees are payable for the scanning of documents

Size of paper:	2017/2018		2018/2019		2019/2020	
	Colour	Black and White	Colour	Black and White	Colour	Black and White
A4	R 21.15	R 4.46	R 22.21	R 4.86	R 23.32	R 4.92
A3	R 11.88	R 7.39	R 12.59	R 7.76	R 13.21	R 8.15
A2	R 16.29	R 11.92	R 18.06	R 12.51	R 18.86	R 13.14
A1	R 23.83	R 16.38	R 25.02	R 17.19	R 28.27	R 18.05
A0	R 32.75	R 23.83	R 34.39	R 25.02	R 36.11	R 26.27

**14. LICENSING AND CONTROL OF DOGS : AMENDMENT**

Fees payable for the licensing of domesticated dogs

- (14.1) Per dog per annum In any household R 25.00 R 27.50
- (14.2) For more than one (1) dog
- (e) For the first two (2) dogs in any household -
- (f) For any dog which in the judgement of the person authorised or appointed to issue licences is of the greyhound or similar strain R 30.25
- (ff) For any unsprayed bitch of any other strain not defined in paragraph (a) (i) R 76.00
- (fff) For any unsprayed bitch of any other strain not defined in paragraph (a) (i) R 10.00
- (W) For any male dog of any other strain not defined in paragraph (a) (i) R 10.00
- (14.3) For any dog in any household in excess of two dogs R 130.00

In the event of there being dogs of both sexes in any one household, and unsprayed bitch shall be regarded as the first dog (and where applicable the second dog) for purposes of assessing the licence fees payable).

**15. BUSINESS ADMINISTRATIVE FEE**

Fees payable for business administrative purposes

(1) Administration fees are as follows:

(a) CBD

(b) Residential Areas

**16. PUBLIC PARTICIPATION TARIFFS**

Fees payable for services rendered to organisations

**CULTIVATION PROGRAMME**

(1) Community based organisations

- (a) Ploughing per hectar R 282.17 R310.39
- (b) Disk per hectar R 282.17 R310.39
- (c) Planter per hectar R 282.17 R310.39
- (d) Ripper per hectar R 282.17 R310.39
- (ff) Round bail R70.54 R77.80
- (e) Dip Tank Renovations R330.00 R383.00
- (f) Cattle Dam Renovations R2.20 per m<sup>2</sup> R2.42
- (g) Transportation of SMME's 50% of AA Rates 50% of AA Rates
- (2) Emerging commercial/individual farmers
- (a) Ploughing per hectar R705.43 R775.97
- (b) Disk per hectar R705.43 R775.97
- (c) Planter per hectar R705.43 R775.97

	2018-2019	2019-2020
(a) Bailing:		
(d) Ripper per hectar	R705.43	R775.97
(f) Square ball	R70.54	R77.59
(ff) Round ball	R70.54	R77.59
(e) Fencing	R 210.00	R231.06
(f) Construction and Renovation of Chicken Houses	R2.20 per m2	R2.42 per m2
(g) Renovation of piggy Houses	R2.20 per m2	R2.42 per m2
(h) Construction of pack houses	R2.20 per m2	R2.42 per m2
(3) Monthly Rentals of Municipal Properties to SHIMES/Cooperatives		
(a) Properties with Machinery and Equipment	R 650.00	R 650.00
(b) Vacant Land / Plot	R 100.00	R 100.00
(c) Municipal Owned Office Space / Building	R6.50 /sqm	R6.50 /sqm
(4) Monthly Rentals for Trading of Informal Traders		
(a) Vacant Trading Plot	R 30.00	R 30.00
(b) Trading Plot with Municipal Trading Stalls	R 50.00	R 50.00

## 17. ELECTRICITY TARIFF OF CHARGES

Fees payable with regards to electricity and electrical services

### (1) Definitions:

**Active Energy Charge:** A charge for each kilowatt hour (kWh) of energy active consumed.

**Basic Charge:** A monthly basic charge is payable for all metered connections whether electricity is consumed or not and all vacant lots where a building can be erected for any purpose and which can be connected to the electricity reticulation network.

**Estimated Load:** The total connected load of an installation reduced by the diversity factors according to

**High Voltage:** A nominal voltage of 132 000 Volt (± 5%) between any of the three phase conductors

**Low Voltage:** A nominal voltage of 400 Volt (± 10%) between any of the three phase

**Maximum Demand Charge:** Payable for each kilovolt-ampere (kVA) supplied by the Council to a consumer during a demand integrating period of 30 (thirty) consecutive minutes in the month or such time periods in the month as may be applicable

**Medium Voltage:** A nominal voltage of 11 000 Volt (± 5%) between any of the three phase conductors.

**Notified Maximum Demand:** The consumer shall notify the Council in writing of the maximum demand in kilovolt-amperes (hereinafter referred to as "the notified maximum demand") which the consumer requires the Council to provide.

One calendar-month's notice of any increase and twelve (12) months notice of any decrease in the notified maximum demand, must be given in writing by the consumer to the Council and of the date upon which the revised supply is required. From the date on which the revised supply is made available, the notified maximum demand shall be increased or decreased accordingly.

**Time-off-use tariff:** The time-off-use tariff is appropriate for a consumer who is able to manage the energy consumption and maximum demand by shifting load to the defined ESKOM's specified time schedule as amended from time to time.

### (2) Conditions applicable to all tariff scales:

(a) A consumer may apply to the Council to be billed on either the standard or the time-off-use tariff. A consumer may not apply to change over from the standard to the time-off-use tariff or from the time-off-use to the standard tariff more than once in a period of 12 months

(b) A consumer may apply to the Council to reduce or to increase the size of a circuit breaker (MCB) or the notified maximum demand. A consumer may not apply to reduce the circuit breaker or to reduce the notified maximum

demand more than once in a period of 12 months.

**Domestic Life Line Supply**

This scale shall apply to all customers who are registered with and approved by the municipality as indigent. The meter will be single-phase prepaid and the supply will be restricted to 20 amperes. A specific application must be made to shift to this tariff.

- (e) Active energy charge per kWh consumed

**(3) Scale 1 : Domestic Supplies:**

This scale shall also apply to churches, charitable organizations and sporting bodies with a maximum estimated load of 80A single phase but not exceeding 100A 3 phase. (Circuit Breaker size: 45, 60, and 80A single phase), (3 Phase : 45, 60, 80 and 100A)

**(a) Credit Meters**

**ALL ELECTRICITY TARIFFS EXCLUDES VAT**

- (ii) Basic Charge  
(i) Active Energy charge per kWh consumed - INCLING BLOCK TARIFF

FROM	
0-350	R 100.00
351-650	R 1,3280
651-1500	R 1,4530
> 1500 +	R 1,7905
	R 1,9313
	R 2,1131
	R 2,3507
	R 2,5817

**(b) Prepayment tariff Domestic:**

- (i) Active Energy charge per kWh- INCLING BLOCK TARIFF

FROM	
0 - 100	R 1,0965
101 - 350	R 1,1734
351 - 650	R 1,2838
>651 +	R 1,6907
	R 1,7907
	R 1,9484
	R 1,997
	R 2,1318

**(ii) Time of use Meters (TOUTM)**

- FIXED CHARGE - SUMMER (kWh)**  
OFF - PEAK  
STANDARD  
PEAK

- FIXED CHARGE - WINTER (kWh)**  
OFF - PEAK  
STANDARD  
PEAK

**(4) Scale 2 : Businesses:**

This scale applies to businesses with a maximum load of 80A single phase but not exceeding 150A three phase. (Circuit Breaker sizes : 5A – 50A at intervals of 5A on single -phase and 5A -100A at intervals of 10A and thereafter 125A and 150A )

**(a) Credit Meters**

- (i) Basic Charge  
(ii) Active Energy Charge per kWh consumed - Excluding vat

R 100.00	105.41
R 1,9280	2,1094

**(b) Prepayment tariff**

- (i) Active energy charge - Excluding Vat

R 1,5328	2,0051
----------	--------

**4b)**

- Temporary Builders Supply  
(i) Active Prepayment Energy Charge

RS.50	R 6.02
-------	--------

**(5) Scale 3 : Medium business and industrial premises**

This scale shall apply where the notified maximum demand is 50kVA but less than 500kVA supplied at low voltage. One calendar-month's notice of any increase and twelve (12) months notice of any decrease in the notified maximum demand, must be given in writing by the consumer to the Council and of the date upon which the revised supply is required. From the date on which the revised supply is made available, the notified maximum demand shall be increased or decreased accordingly.



		2018-2019		2019-2020	
(7) High Voltage Bulk : Commercial Resellers (time of use)					
(1) Time-of-use (TOU) meters:					
(a) Monthly basic charge for a metered stand per point of supply whether electricity is consumed or not		R 7 276.80	R 7 961.64		
(b) Network charges:		R 62.50	R 68.38		
(c) Time-of-use tariff per kWh consumed during the month in accordance with ESKOM's specified time schedule:					
Active Energy Charge		2017/2018		2018/2019	
Peak Standard Off-peak	High-demand season (June - August)	Low-demand season (September - May)	High-demand season (June - August)	Low-demand season (September - May)	High-demand season (June - August)
	R 3.4288 R 1.0660 R 0.6370	R 1.1774 R 0.8374 R 0.5937	R 3.8798 R 1.1801 R 0.6936	R 1.2636 R 0.8987 R 0.6043	R 4.0261 R 1.2911 R 0.7480
					2019/2020
					High-demand season (June - August)
					Low-demand season (September - May)
					R 1.3625 R 0.9633 R 0.6612

(8) **Scale 5 : Special Agreement**  
The Council reserves the right to negotiate special agreements and the applicable tariff with consumers where the notified maximum demand is 5000kVA and higher.

(9) **Scale 6 : Departmental**  
All energy used by any department of the Council shall be at the applicable tariff as contained in Council's tariff of charges.

(10) **Scale 7 : Surcharge on On-Sales**  
HT Bulk Time of Use consumers will be required to confirm whether they are selling electricity on to tenants at the normal commercial rate in instances where this is the case, these customers will be surcharged at a rate of 20c per kWh consumed.

(14) Sundry charges  
Addition charges are payable in the following circumstances:  
(1) Replacing of meters will be charged as follows;

(a) Replacing the existing standard single-phase meter with:  
Pre - payment meter

(b) Replacing the existing three-phase meter with:  
Pre - payment meter

- (2) Replacing the existing Demand Meter a TOU meter
- (3) Replacing the existing programme in an electronic electricity meter to accommodate a change in tariff
- (4) Availability charge for all vacant stands where electricity can be connected

(5) Replacement prepaid electricity token / card

(6) Deleted

(7) Deleted

**SCHEDULE A:**

\_\_\_\_\_

**SCHEDULE B:**

---

2019-2020

2019-2020

This allows for a service cable to the meter point at the customers boundary.

SCHEDULE C:	
(8) SERVICE CONNECTION FEES	
SINGLE-PHASE LOW VOLTAGE 80A MAXIMUM	R 2 541.02
THREE-PHASE LOW VOLTAGE 150A MAXIMUM	R 11 209.00
HIGH & LOW VOLTAGE BULK	R 11 012.40
THREE-PHASE PRE-PAY	R 8 000.32
ADDITIONAL CAPACITY (PER KVA)	R 1 146.49

(7) The tariffs contained in Schedule D shall be payable for circuit breaker replacements when requested by the consumer.

SCHEDULE D:	
Single-phase to a maximum 80 Amperes	
Three-phase to a maximum	R 481.26
	R 630.47

(8) Where the supply has been disconnected for non-payment of any charges or fees due by the consumer, the supply shall not be reconnected until the fees as prescribed hereunder and any monies due by the consumer to the Council in connection with such supply have been paid in full:

(i) Disconnection	R 442.18
(ii) Reconnection	R 442.18
After hour reconnection	R 577.44
(iii) New Business Contract Administration Fee	R 486.95
(iv) Reminders to business and commercial consumers – per visit	R 486.95
(v) Additional disconnection reminders after due date to the domestic consumers	R 609.78
(vi) After hour reconnection if approved by the Credit Control Manager	R 554.36
(vii) Consolidated consumer deposits payable as per prescribed by the annual budget resolution	R 486.95
(viii) Blocking and unbidding of pre-paid electricity meters as a result of arrears	R 40.18
(ix) Blocking and unbidding of pre-paid electricity meters as a result of arrears	R 40.18

The above charges shall also be payable by the consumer for each visit of an official of the Council for the purpose of disconnection for any of the abovementioned reasons, even though for any valid reason, such disconnection has not been effected

(9) Meter reading	R 442.18
	R 1 769.43
(a) Fee payable for the reading and inspection of meters on finalizing an account	R 486.95
(b) Fee for reading as well as analysis of special meters which are equipped with memory-bank facilities, depending on the total data available in the memory-bank of the meter	R 1 900.20

(10) Fees for each visit of a representative of the Electricity Department to the consumer's premises to attend to a power failure:

(i) Domestic	R 614.17
(ii) Business / Industrial	R 814.17
(iii) Sundays and public holidays	R 951.55

(10) Deleted	
--------------	--

(11) Meter Administration/Tampering Fee as Follows:

11.1 DOMESTIC CUSTOMERS:	
a) Tampering fee for 1st time offenders and recovery of electricity consumption be calculated over a period of 3 years	R 10 000.00
b) Tampering fee for 2nd time /repeat offenders and recovery of electricity consumption be calculated over a period of 3 years	R 15 000.00
11.2 COMMERCIAL AND INDUSTRIAL CUSTOMERS:	
a) Tampering fee for 1st time offenders and recovery of electricity consumption be calculated over a period of 3 years	R 20 000.00
b) Tampering fee for 2nd time /repeat offenders and recovery of electricity consumption be calculated over a period of 3 years	R 30 000.00

(12) Fees payable for the testing of energy meters:

(i) Testing of each single-phase meter	R 1 618.28
(ii) Testing of each three-phase meter	R 2 024.35
(iii) Testing of any other type of energy meter	R 8 856.54

(13) Temporary Supplies





- (i) Where a temporary connection is required such connection shall be on a prepaid meter, for a period not exceeding 30 days, on the expiry of which the connection will be renewed on request, subject to inspection of the connector before reconnection. In such cases the initial and subsequent connection fees shall be one half of the relevant connection fees – as per Schedule C
  - (ii) Prepaid Energy charge per kWh consumed R 5.81
  - (iii) No refund will be allowed after disconnection of any temporary electricity connections.
- (14) The following shall apply to illuminate signs supplied with electricity from streetlight circuits:

(i) Per KWH R 2.21

**18. BUILDING BYLAWS**  
**THESE ARE TARIFFS ARE REVISED BELOW ON TARIFFS 19 - BUILDING CONTROL**  
**Fees payable with regards to by-laws**

(1) Submission fees		
(a) All floor areas: In respect of all building structures, which does not increase the floor area	R 0.00	
(2) Building deposits (payable by the registered owner of the property, included in the rates account)	R 0.00	
(a) Residential	R 1 682.00	R 1 755.07
(b) Non-Residential	R 3 087.00	R 3 270.43
(3) Inspection fees/ Approval Charges per m2		
(a) 1 - 50m2	R 143.00	R 151.01
(b) 51 - 100m2	R 286.00	R 302.02
(c) 101 - 150m2	R 428.00	R 451.97
(d) 151 - 200m2	R 571.00	R 602.98
(e) 201 - 300m2	R 856.00	R 903.94
(f) 301 - 400m2	R 1 140.00	R 1 203.84
(g) 401 - 500m2	R 1 427.00	R 1 506.91
(h) 501 - 600m2	R 1 713.00	R 1 886.93
(i) 601 - 700m2	R 1 998.00	R 2 107.76

	2018-2019	2019-2020
(j) 701 - 800m2	R 2 085.00	R 2 201.78
(k) 801 - 1000m2	R 2 850.00	R 3 008.60
(l) 1001 - 1500m2	R 4 275.00	R 4 514.40
(m) 1501 - 2000m2	R 4 844.00	R 5 115.26
Additional m <sup>2</sup> @ R1.52 per m <sup>2</sup> additional area above 2000 m2		
(4) Submission fees for the approval of Swimming Pool		
(a) Submission fee	R 237.00	R 250.27
(b) Plan approval fee	R 191.00	R 201.70
(c) Foundation and Final Inspection	R 571.00	R 602.98
(d) Building Deposit	R 1 060.00	R 1 752.96
TOTAL	R 2 059.00	R 2 807.90
(5) Submission fees for the approval of Boundary Walls		
(a) Submission fee	R 237.00	R 250.27
(b) Plan approval fee	R 191.00	R 201.70
(c) Foundation and Final Inspection	R 571.00	R 602.98
(d) Building Deposit	R 1 060.00	R 1 752.96
TOTAL	R 2 059.00	R 2 807.90
(6) Inspection Fees		
(a) Foundation / Excavation	R 305.00	R 322.08
(b) Floor Level	R 305.00	R 322.08
(c) Roof Structure	R 305.00	R 322.08
(d) Sewer Soil Pipe	R 305.00	R 322.08
(e) Final/Occupation	R 305.00	R 322.08
TOTAL	R 1 220.00	R 1 288.32
(7) Permission for the erection of temporary buildings may be granted upon payment of a charge of		
(a) Submission fee	R 252.00	R 268.11
(b) Plan Approval Fee	R 203.00	R 214.37
(c) Foundation and Final Inspection	R 610.00	R 644.16
(d) Building Deposit	R 1 774.00	R 1 873.34
TOTAL	R 2 839.00	R 2 997.98
<b>1994 BUILDING CONTROL SECTION</b>		
Building Survey Tariffs		
19.1 Building Plans submission fees		
(a) Preliminary building plans submitted for scrutiny and comment, 25% of the normal plan approval fee as detailed below	R 201.00	R 212.26
(b) Plans for new buildings or additions to buildings submitted		
(i) For the first 20m2	R 310.00	R 322.36
(ii) Each additional 10m2 exceeding 20m2 up to and including 5000 m2	R 90.00	R 95.04
(iii) For each additional 10m2 over 5000 m2 up to and including 15000m2	R 50.00	R 52.80
(iv) For each additional 10m2 over 15 000 m2	R 40.00	R 42.24
(v) Minimum charge	R 40.00	R 42.24
(c) Minor Building Work	R 170.00	R 175.52



	2018-2019	2019-2020
(c) 230mm		
(d) 200mm		
(II) Crushed Stone or Gravel per metre square	R 250.00	R 284.00
Hardening of Entrance Driveways (Scoop):		
(I) Concrete per metre square		
(a) Residential and Commercial Accesses	R 1 152.00	R 1 216.51
(b) Industrial Accesses	R 1 236.00	R 1 307.33
(I) Asphalt or Bitumen per metre square		
(a) Residential	R 579.00	R 611.42
(b) Industrial	R 864.00	R 1 039.10
(c) Commercial Accesses	R 864.00	R 732.86
(II) Crushed Stone or Gravel per metre square	R 255.00	R 289.28
Hardening of Entrance Driveways (Gutter Bridge):		
(I) Concrete per metre square		
(a) Residential and Commercial Accesses	R 1 470.00	R 1 552.32
(b) Industrial Accesses	R 1 852.00	R 1 955.71
Reconstruction of Kerbing and Channelling:		
(I) Kerb only per linear metre	R 579.00	R 611.42
(II) Channel only per linear metre	R 592.00	R 593.47
(III) Kerbing and Channelling per linear metre	R 978.00	R 1 032.77
Stormwater Disposal		
(1) For connection of S.W drains and Channells to Council's system -per metre		
(I) up to including 100mm connection		
(a) for one pipeline in one trench	R 787.00	R 831.07
(b) for each additional pipeline in the same trench	R 528.00	R 557.57
(II) 100mm diameter pipe connection to a stormwater pipeline	R 1 198.00	R 1 265.09
(III) 150mm diameter pipe connection to a stormwater pipeline	R 1 280.00	R 1 351.68
(IV) 225mm diameter pipe connection to a stormwater pipeline	R 1 615.00	R 1 705.44
(V) 300mm diameter pipe connection to a stormwater pipeline	R 2 002.00	R 2 114.11
(VI) 375mm diameter pipe connection to a stormwater pipeline	R 2 407.00	R 2 541.79
(VII) 450mm diameter pipe connection to a stormwater pipeline	R 2 856.00	R 2 993.76
21. FIRE BRIGADE BYLAWS		
Fees payable for fire fighting, rescue or protection services		
(21.1) Fire-fighting, rescue or protection services		
All moveable and immovable properties:		
(a) Per fire-fighting machine per hour or part thereof	R 670.50	R 737.55
Plus charges in respect of water, materials and/or chemicals used for extinguishing the fire.		
(b) Services rendered by officers per hour or part thereof, per officer	R 266.65	R 293.32
(c) Services rendered by firemen, except officers per hour or part thereof, per fireman provided that in respect of special services rendered on public holidays, Saturdays and Sundays between the hours of 18:00 and 06:00 on weekdays	R 175.23	R 192.75

	2018-2019	2019-2020
the charges payable shall be double the charges in terms of this paragraph and the preceding paragraph (c) and (b).		
(d) For the purposes of charges payable, times shall be calculated from the time the machines leave the Fire Station until return		
(e) Distance covered per machine per km	R 19,38	R 21,32
<b>(21.2) Pumping of water and other liquids</b>		
(a) In respect of the use of a pump, other than for fire-fighting purposes:		
(i) For the first hour or part thereof	R 120,51	R 142,46
(ii) Thereafter, for each quarter of an hour	R 54,71	R 60,18
(21.3) In respect of the use of fire hoses, per length plus expenses in respect of water, materials and/or chemicals used in the execution of such duties.	R 50,23	R 55,25
<b>(21.4) Services rendered by officers and firemen</b>		
(a) Services rendered by officers, per hour or part thereof, per officer	R 213,31	R 234,64
(b) Services rendered by firemen, except officers, per hour or part thereof, per fireman Provided that in respect of special services rendered on public holidays, Saturdays and Sundays and between the hours 18:00 and 06:00 on weekdays, the charges payable shall be double the charges in terms of this paragraph and the preceding paragraph (a) and (b).	R 102,22	R 178,44
(c) For the purposes of charges payable, times shall be calculated from the time the machines leave the Fire Station until return.		
<b>(21.5) Inspection, testing, refilling and cleaning of fire extinguishers and testing and preparation of fire-hoses and fire prevention inspections to be conducted in accordance with SANS 10400A Table (1) occupancy classification costing to be done in accordance with (21.4) (a), (b) and (c)</b>		
(a) Services rendered by officers, per hour or part thereof, per officer		R 234,64
(b) Services rendered by firemen, except officers, per hour or part thereof, per fireman Provided that in respect of special services rendered on public holidays, Saturdays and Sundays and between the hours 18:00 and 06:00 on weekdays, the charges payable shall be double the charges in terms of this paragraph and the preceding paragraph (a) and (b).		R 178,44
(c) For the purposes of charges payable, times shall be calculated from the time the machines leave the Fire Station until return.		
<b>(a) Fire Extinguishers</b>		
(i) For every fire extinguisher	R 166,67	
(ii) Plus cost of material and stock used.		
<b>(b) Fire-hoses</b>		
(i) Testing, per length	R 42,98	
(ii) Plus per patch	R 61,84	
<b>(c) Fire reels</b>		
(i) Testing, per reel	R 286,65	
<b>(21.6) Services rendered outside the Council's area of jurisdiction in respect of fire-fighting, rescue and/or protection services</b>		
(a) Per machine, per hour or part thereof, plus expenses in respect of water, materials and/or used in connection with fire fighting, rescue and/or protection services.	R 675,55	R 743,11

(b) Services rendered by officer, per hour or part thereof, per officer	2018-2019	2019-2020
	R 221.06	R 243.17
(c) Services rendered by firemen, expert officers, per hour or part thereof per fireman Provided that in respect of such services rendered on public holidays, Saturdays and Sundays and between the hours of 18:00 and 06:00 on weekdays, the charges payable shall be double the charges in terms of this paragraph and the preceding paragraph (b) and (c)	R 175.92	R 194.61
(d) For the purposes of charges payable, times shall be calculated from the time the machine(s) leave the Fire Station until return.		
(e) Distance covered per machine, per kilometer	R 19.38	R 21.32
(21.7) Miscellaneous Charges	cost plus 12%	cost plus 10%
(21.8) The presentation of fire-fighting courses to private bodies (maximum of thirty (30) candidates) per hour or part thereof, plus expenses in respect of materials and stock used during such training course	R 304.74	R 336.21

22. BYLAWS RELATING TO INFLAMMABLE LIQUIDS AND SUBSTANCES	2018-2019	2019-2020
Fees payable for registration and certificates of the above mentioned bylaw		
(22.1) Annual Charge 1 January to 31 December		
Inspection of Premises		
Description of Premises		
(a) Bulk Depot	R 1 250.00	R 1 375.00
(f) Certificate of registration for transportation of flammable liquids : (i) vehicles not registered within Alfred Duma Local Municipality (ii) Locally registered	R 2 728.00 R 1 430.00	R 3 000.80 R 1 573.00
(b) Dry Cleaning Room	R 205.00	R 225.50
(c) Spraying Room	R 1 250.00	R 1 375.00
(d) Premises other than (a), (b) and (c) above or (e) below:		
(i) Up to 2.25 kl storage capacity	R 825.00	R 907.50
(ii) Up to 4.5 kl storage capacity	R 881.00	R 980.10
(iii) Up to 22.5 kl storage capacity	R 982.00	R 1 058.20
(iv) Up to 40.5 kl storage capacity	R 1 039.00	R 1 142.90
(v) over 140 kl storage capacity		R 3 000.00
(e) Premises for storing liquefied petroleum gas:		
(i) Up to 230 kg capacity	R 825.00	R 907.50
(ii) 230 – 450 kg capacity	R 881.00	R 980.10
(iii) up to 1000 kg capacity	R 1 039.00	R 1 142.90
(iv) over 1000 kg within a sphere or cylinder bulk storage		R 3 000.00
(f) Premises for storing petroleum lubricants:		
(i) from 250 lt to 1000 lt		R 420.00
(ii) from 1001 lt to 2000 lt		R 640.00
(iii) above 2000 lt capacity		R 1 140.00
The above charges shall be payable to the Council by the person to whom the certificate of registration has been issued in terms of these bylaws in respect of the premises concerned, and shall be paid not later than the 30th day of June in each and every year, provided, however, that if liability to pay such charges arises on or after the first day of July in any year, the amount payable shall be reduced by one-half and shall be paid not later than the 31st of December of the year concerned.		
The annual inspection fees in regard to premises for storing liquefied petroleum gas shall be payable where the liquefied petroleum gas is stored for bulk storage or trade purposes but not where the liquefied petroleum gas is merely kept domestic or industrial purposes on the premises or for domestic use by the occupier thereof.		
23. PUBLIC TRANSPORT SERVICE		
Repealed.		
24. CONSTRUCTION OF BRIDGES OVER STREET GUTTERS		
(a) Scoop (3m wide, standard, residential)	R 5 002.34	R 5 282.47
(i) Per additional meter	R 1 667.45	R 1 780.82
(b) Scoop (3m wide, heavy duty)	R 5 647.77	R 5 964.04
(i) Per additional meter	R 1 882.98	R 1 988.43
(c) Light duty vehicular bridge (3m wide, standard, residential)	R 7 413.51	R 7 828.67
(i) Per additional 450 mm slab	R 1 238.37	R 1 305.61
(d) Heavy duty vehicular bridge (3m wide)	R 9 204.12	R 9 719.55
(i) Per additional 450 mm slab	R 1 534.81	R 1 620.76
25. MISCELLANEOUS SERVICES		
The following fees shall be paid in advance for the production of documents, provision of certificates, supply of plans extract information from records, etc.:		
(a) Search fees and documents:		



<u>NOTE</u> This does not include the inspection of Council Minutes (i) Analysis / Search fee per account (ii) Plan, document, item or file produced for inspection (iii) Certified copy of extract from Council's Minutes and/or hearing per 100 words or part thereof (iv) Purchase of Voters Roll, per copy per ward (v) Extracts of Bylaws / Policies, per page or part thereof (vi) Any other certificate issued in terms of section 265 (5) of Ordinance No. 25 of 1974 for each certificate	2018-2019	R 157.20	2019-2020
		R 85.75	R 156.00
			R 90.55
		R 14.29	R 15.09
		R 14.29	R 15.09
		R 28.58	R 30.18

	2019-2020	2018-2019
(viii) Standard and other bylaws as per price paid by the Council for copies obtained from the Provincial Administration, subject to a minimum charge of	R 15.06	R 14.29
(ix) Purchase of valuation rolls, per copy per area	R 226.37	R 214.36
(x) Purchase of supplementary valuation rolls, per copy	R 384.83	R 364.43
(xi) Rates clearance certificate per application:	R 805.47	R 857.46
Electronic		
Manual		
The electronic fees of R 326.46 is payable to the municipality and excludes the fee of R 150.00 payable by the attorney directly to Korbtech		
(xii) Submission of Valuation objections	R 214.36	R 214.36
(xiii) Sale of Electronic Valuation Roll	R 679.10	R 643.09
(xiv) Sale of tender documents	R 701.92	R 664.69

**26. ROAD TRAFFIC BYLAWS**

Fees payable under the above mentioned bylaw

	2019-2020	2018-2019	2019-2020
<b>(26.1) Escorting:</b>			
(a) Abnormal Loads per officer or part thereof		R 582.00	R 640.20
(b) Events on public roads (Except Educational Institutions) per officer or part thereof		R 457.00	R 502.70
<b>(26.2) Storage:</b>			
(a) Storage costs of abandoned vehicles, per day or part thereof		R 242.00	R 266.20
<b>(26.3) Summons</b>			
(a) Serving of summonses for other local authorities not serving Ladysmith summonses free of charge, serving or attempt to serve		R 165.00	R 181.50
<b>(26.4) Roadside assistance:</b>			
(a) Call out cost		R 550.00	R 605.00
(b) Waiting period, per officer per 15 min or part thereof. Effective after a waiting period of 15 min.		R 550.00	R 605.00
<b>(26.5) Traffic safety protection</b>			
(a) Traffic safety protection at incident scene: per officer per hour or part thereof to be calculated from the time of cleaning, rescue or recovery operation commence until completion of such clean, rescue or recovery operation		R 550.00	R 605.00
(b) Traffic Safety protection for special duties: per officer per hour or part thereof to be calculated			R 605.00
<b>(26.6) Towing</b>			
(a) Towing of vehicles using Council's breakdown		R 2 500.00	R 2 750.00
(b) Out of CBD (distance per KM)		R 19.38	R 21.32
(26.7) Hiring of bunnies : each		R 100.00	R 110.00
<b>27. PARKING METER TARIFFS</b>			
Fees payable for use of parking bays in the CBD.			
(27.1) The fees payable for hourly parking within the CBD (incl. VAT)			
(a) The first 5 minutes	FREE		FREE
(b) 20 minutes	R 3.00		R 3.00
(c) Thereafter R1.00 every 10 minutes	R 7.00		R 7.00
(d) Hourly parking			
(27.2) The service provider is to pay the municipality based on the following:			
(a) per a parking bay on a monthly basis (ex. VAT)	R 28.50		R 32.00
(b) Total amount to be received for 568 parking bays annually (ex. VAT)	R 194 256.00		R 194 256.00
<b>28. AERODROME</b>			
Fees payable for the use of the Aerodrome			
(1) The following table reflects the fees levied for aircraft landing on the airstrip.			
Maximum certified mass in KG's of the aircraft up to and including			
Aircraft of certified mass of 500 kg's	R 14.74		R 15.57
Aircraft of certified mass of 1000 kg's	R 23.17		R 24.46
Aircraft of certified mass of 1500 kg's	R 28.48		R 31.14
Aircraft of certified mass of 2000 kg's	R 34.75		R 36.69
Aircraft of certified mass of 2500 kg's	R 42.12		R 44.48

2018-2019	2019-2020
R 48.44	R 51.15
R 88.45	R 72.28
R 85.29	R 90.07
R 105.30	R 111.20
R 0.00	R 0.00
R 142.16	R 150.12
R 167.65	R 186.80
R 179.01	R 188.03
R 208.39	R 217.95
R 328.43	R 344.71

(2) The following table reflects fees levied for the use of the parking lot at the aerodrome.  
Maximum certified mass in KG's of the aircraft

Aircraft of certified mass of 3000 kg's	R 74.78	R 78.97
Aircraft of certified mass of 4000 kg's	R 148.45	R 156.77
Aircraft of certified mass of 5000 kg's	R 223.24	R 235.74
Aircraft of certified mass of 6000 kg's	R 298.80	R 313.53
Aircraft of certified mass of 7000 kg's	R 371.68	R 392.50
Aircraft of certified mass of 8000 kg's	R 445.36	R 470.30

(3) Passenger Service Charge

Description	
Passenger service charge per embarking passenger where such passengers will disembark from the aircraft at an airport within the republic	

(4) Micro Light owners pay R80.00 per month or R545.00 per year payable in advance

(5) Local Aircraft owners excluding Micro Light owner pay 50 % of tariff in (4)

28. TOWNLANDS: REMOVAL OF SAND AND SHALE

Fees payable for the removal of sand, shale and shale

(1) Removal of sand, stone and shale		
(a) Sand fill		
(b) Loading by municipal plant		
(c) Shale		
(d) Dolomite		
	100.00/m3	R 105.60
	R 0.00	R 0.00
	R100.00 / m3	R 105.60
	R100.00 / m3	R 105.60

30. NEGOTIABLE INSTRUMENTS DISHONORED PENALTY

Penalties payable on negotiable instruments

(1) Penalty to become payable by the cashier when a negotiable instrument which has been tendered in payment is stale postdated and altered cheques upon presentation for payment	2018-2019	2019-2020
	R 146.37	R 154.57
(2) Penalty to become payable by customer when a negotiable instrument which has been tendered in payment is dishonoured upon presentation for payment.	R 465.72	R 491.81
<b>31. MOTOR VEHICLE AND VEHICLE BYLAWS</b>		
(1) Tax stand fees payable in terms of bylaw 16.10(2) per vehicle per annum	R 300.00	R 60.00
<b>32. OMNIBUS TARIFF IN RESPECT OF RENDERING SERVICES TO PRIVATE INDIVIDUALS ORGANISATIONS</b>		
When no existing tariff exists for the rendering of services or work in connection with any of the powers to individual persons or organizations wherever required including government organizations, schools religious organizations on privately owned or Council's property etc. Cost plus 10%		
<b>33. SERVING OF SUMMONSES ON BEHALF OF OTHER MUNICIPALITIES</b>		
As per Municipal Notice 10, 2001 dated 19 April 2001.		
(1) Per service	R 165.00	R 181.50
<b>34. VALUE ADDED TAX</b>		
Value added tax is not included in these tariffs and shall be raised as applicable		
<b>35. WENDY HOUSES</b>		
Fees payable for erecting a wendy house to conduct business in the CBD		
Wendy houses (per month)	R 0.00	R 0.00
Fees payable for services rendered in terms of solid waste		
(1) Solid waste		
(1) The tariff for the disposal of refuse at the Acadaville Landfill Site-		
(a) General domestic refuse, street refuse, per 250kg or part thereof	R 37.00	R 39.07
(b) Mixed refuse(garden, domestic, trade refuse, including builder's rubble)250kg or part thereof	R 37.00	R 39.07
(c) Industrial sludges	NOT EXCEPTED ON SITE	
(d) Acceptance of "LIGHT" SOLID WASTE (being waste with a mass of approximately 40 kg per cubic metre) at a disposal facility where a weighbridge is located – per 40 kg or part thereof.	R 37.00 R 37.00	R 39.07 R 39.07
(e) Builder's rubble and excavated material per 250kg or part thereof	R 13.00	R 13.73
(f) Bulk food waste and condemned food by a health officer per 250kg or part thereof	R 83.00	R 87.85
(g) Garden refuse, per 250kg or part thereof	R 13.00	R 13.73
(h) Finely divided excavated material with the maximum stone of 10% and maximum stone size of 50MM per 250kg or part thereof	R 58.00	R 59.14
(i) Sawdust and woodwaste, per 250kg or part thereof	R 58.00	R 59.14
(2) Provide that no charges shall be payable for the disposal of:	Existing Concession	Existing Concession
(i) Garden refuse by bona fide householders where such refuse is conveyed in motor cars, trailers with a nominal capacity not greater than 0.5 tonnes and deposited in the garden refuse containers.		

weightbridge – per cubic metre or part thereof.		2018-2019	2019-2020
<b>(3) Whole tyres</b>			
(a) Acceptance of WHOLE TYRES at a disposal facility where a weightbridge is located ~ per 250kg or part thereof			
(b) Acceptance of WHOLE TYRES at a disposal facility where there is no weightbridge – per cubic metre or part thereof			
4	Tariff for the Voluntary weighing of Vehicle	R 27.00	R 28.51
5	Tariff for the Voluntary weighing of Vehicle	303.10 per hour	R 320.07
6	Fluorescent Tubes	NOT ACCEPTED ON SITE	NOT ACCEPTED ON-SITE
<b>36. COMMUNITY SERVICES</b>			
Proposed tariffs of charge for the use of libraries,museums and community venues.			
<b>(1) Libraries</b>			
(a) Photocopies at all libraries			
(i) A4		R 1.00	R 1.00
(ii) A3		R 1.50	R 1.50
All Colour copies		R 5.00	R 5.00
(b) Internet Printing - per page (A4)		R 1.50	R 1.50
(c) Use of Library Activities room			
(i) Business/Corporate (per an hour or part thereof)		R 120.00	R 140.00
(ii) Profit Making Organisations (per an hour or part thereof)		R 100.00	R 120.00
(iii) Non-profit Making Organisations (Free of charge during normal business hours/ex central library (per an hour or part thereof)		R 50.00	R 55.00
(iv) Entrance to Museum & Cultural Centre		R 50.00	R 55.00
(v) Pensioners		R 445.00	R 470.00
(vi) Third year (Market related cost plus 7% escalation cost per year )		R 675.00	R 710.00
<b>(2) Thuzong Centres</b>			
(a) District Fee			
(i) First year			
(ii) Second year			
(iii) Third year (Market related cost plus 7% escalation cost per year )			
<b>(3) Thuzong Centres</b>			
(a) District Fee			
(i) Adults		R 11.00	R 11.00
(ii) Children (under 12 years of age )		R 5.50	R 5.50
(iii) School Groups		R 1.00	R 1.00
(iv) Entrance to Museum & Cultural Centre		N/A	N/A
(v) Pensioners		R 5.50	R 5.50
<b>(4) Excessive cleaning by Council after Function</b>			
(a) Excessive cleaning by Council after			
(i) Function		R 938.08	R 991.56
(ii) Hire of Theatre of dreams		R 102.94	R 108.70
(iii) Hire of NGRI Conference Centre		R 102.94	R 108.70
<b>(5) Use of Piano per function (for use only on stage)</b>			
(a) Hire Fee		R 102.94	R 108.70
<b>(6) Refundable Deposit</b>			
(a) Refundable Deposit		R 378.97	R 400.19
<b>(7) Cleaning of Halls</b>			
(a) Should the hall be required in circumstances when cleaning by Council is impossible, hire to clean hall prior and after use to the satisfaction of the Contractor, failing which refundable deposit will be withheld.			
(b) Council may determine by resolution any hire amount that should be paid as a refundable deposit			



Tariff Policy' and Annexure 3 'Municipal Property Rates Policy' are imposed  
for the budget year 2019/2020.

Category	2018/2019 Rates Randage 6 %	2019/2020 Prop Rates Randage Inc 6 %	Exemption	Phasing In	Impermissible	Rebate
Residential (11)	0.01207	0.01280	No		100 000	0.00%
Comm and Business (12)	0.02116	0.02243	No		0	0.00%
Industrial (15 )	0.01381	0.01443	No			
Farms: Agriculture (13)	0.00293	0.00311	No		0	0.00%
Public Service Infrastructure (14)			yes		0	0.00%
Vacant Land (16)	0.04355	0.04616	No		0	0.00%
Rural Communal (17)			yes		0	
Municipal Properties (20)			yes		0	
State ( Public Service Purposes) (21)	0.02663	0.02823	No		0	
Public Benefit Organisations(24)			yes		0	
Religious (Place of Public Worship ) (25)			yes		0	
Public Open Space (30)			yes		0	
Municipal Vacant Land (29)			yes		0	





**ALFRED DUMA LOCAL  
MUNICIPALITY  
KZN 238**



**Budget Policy**

## DEFINITIONS

### **"Accounting Officer"-**

(a) means the municipal official referred to in Section 60 of the Municipal Finance Management Act No. 56 of 2003, and includes a person acting as the Accounting Officer;

### **"Allocation", means-**

(a) a municipality's share of the local government's equitable share referred to in section 214(1) (a) of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

**"Annual Division of Revenue Act"** means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

### **"Approved budget," means an annual budget-**

(a) approved by a municipal council, or

(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

**"Basic Municipal Service"** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

**"Budget-related Policy"** means a policy of a municipality affecting or affected by the annual budget of the municipality, including-

(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or

(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

**"Budget Year"** means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

**"chief financial officer"** means a person designated in terms of section 80(2) (a) of the MFMA;

**"councillor"** means a member of a municipal council;

**"creditor",** means a person/entity to whom money is owed by the municipality;

**"current year"** means the financial year, which has already commenced, but not yet ended;

**"delegation",** in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**"financial recovery plan"** means a plan prepared in terms of section 141 of the MFMA

**"financial statements",** means statements consisting of at least-

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

**"financial year"** means a twelve-month period commencing on 1 July and ending on 30 June each year

**"financing agreement"** includes any loan agreement, lease, and instalment purchase

contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

**"fruitless and wasteful expenditure"** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**"irregular expenditure"**, means-

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

**"investment"**, in relation to funds of a municipality, means-

(a) the placing on deposit of funds of a municipality with a financial institution; or

(b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**"lender"**, means a person/financial institution who provides debt finance to a municipality;

**"local community"** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998

(Act No. 117 of 1998);

**"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000

(Act No. 32 of 2000);

**"long-term debt"** means debt repayable over a period exceeding one year;

**"executive mayor"** means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

**"municipal council"** or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

**"municipal debt instrument"** means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

**"municipal entity"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"municipality"**-

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or

(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**"municipal service"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"municipal tariff"** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**"municipal tax"** means property rates or other taxes, levies or duties that a municipality may impose;

**"National Treasury"** means the National Treasury established by section 5 of the Public Finance Management Act;

**"official"**, means-

(a) an employee of a municipality or municipal entity;

(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or

(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

**"overspending"**-

(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote/function, means causing expenditure under the vote/function to exceed the amount appropriated for that vote/function; or

(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

**"past financial year"** means the financial year preceding the current year;

**"quarter"** means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

**"service delivery and budget implementation plan"** means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote/function;

(b) service delivery targets and performance indicators for each quarter; and

(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

**"short-term debt"** means debt repayable over a period not exceeding one year;

**"standards of generally recognised accounting practice,"** means an accounting practice

complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

**"unauthorised expenditure"**, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote/function in the approved budget;

(c) expenditure from a vote/function unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with the MFMA;

**"virement"** means transfer of funds between functions / votes

**"vote"/ "function"** means-

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## **1. INTRODUCTION**

The Budget process of the Municipality is regulated by Chapter 4 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

## **2. OBJECTIVE**

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of Council, the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the IDP review and budget processes.

## **3. BUDGETING PRINCIPLES**

(a) The municipality shall not budget for a deficit except to the extent that the deficit arises as a result of depreciation that the municipality cannot afford to fully fund.

(b) The municipality should also ensure that revenue projections in the budget are realistic taking into account actual collection levels in conjunction with historic trends.

(c) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote/function in the approved budget.

(d) The Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF) which will be reviewed annually and approved by Council.

(e) The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

## 4. BUDGET PREPARATION PROCESS

### 4.1. Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer and the Heads responsible for IDP and Performance Management shall draft the Schedule of key deadlines for the budget and allied processes for the municipality and its municipal entities for the ensuing financial year.
- (b) The schedule of key deadlines shall indicate the processes relative to the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- (c) The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- (d) IDP Strategic workshop shall be convened in October/November with senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- (e) The Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, funding and reserves, etc).
- (f) The Chief Financial Officer and senior managers of all departments undertake the technical preparation of the budget together with the Budget Office.
- (g) The budget must be in the format prescribed by National Treasury, and must be divided into a capital and operational budget. The budget must be prepared on the MSCOA format.
- (h) The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- (i) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

### 4.2. Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene public participation meetings on the draft budget in April and invite the public and stakeholder organisations, to make representations and to submit comments in



response to the draft budget within stipulated timeframes as indicated by the municipality at these meetings and in notices published in local newspapers. Invitations to the public and stakeholder organisations will be made via advertisements in any of the local newspapers.

#### **4.3. Approval of the budget**

(a) Per legislation, Council shall **consider** the next medium term expenditure framework budget for approval not later than 31 May (at least 30 days before the start of the budget year).

(b) The annual budget must be approved before the start of the financial year.

(c) Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.

(d) The budget tabled at Council for approval shall include, inter alia the following draft resolutions:

i. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

ii. draft resolutions approving measurable performance objectives for each budget vote, taking into account the municipality's IDP;

iii. draft resolutions approving any proposed amendments to the IDP;

iv. draft resolutions approving any proposed amendments to the budget-related policies;

v. draft resolutions approving the contents of the annual budget and supporting documents in terms of Section 17 of the MFMA

#### **4.4. Publication and submission of the budget**

##### **4.4.1 Draft Annual Budget**

(a) Immediately after the draft annual budget is tabled the Accounting Officer (AO) must make public the draft annual budget and its supporting documents and invite the local community to submit representations in respect of the draft annual budget.

(b) Therefore the Manager Budget on behalf of the AO must place the budget and other budget related documentation onto the municipal website so that it is accessible to the public as well as submit both the printed and electronic formats to the National Treasury, the Provincial Treasury and any other prescribed Organs of State affected by the Budget.

(c) The draft budget together with other budget related documentation including the Council Resolution approving the draft budget must be placed on the municipal website and submitted in electronic formation to Provincial and National Treasury on the next working day after the budget was tabled in Council. The hard copies must be submitted to National and Provincial Treasury within the timeframes as stipulated in the MFMA Budget Circular released by National Treasury for that particular year.

##### **4.4.2 Approved Annual Budget**

(a) Within ten working days after the municipal council has approved the annual budget of a municipality, the municipal manager must in accordance with section 21A

of the Municipal Systems Act make public the approved annual budget and supporting documentation and the resolutions referred to in section 24 (2) (c) of the Municipal Finance Management Act No 56 of 2003;

(b) Within ten working days after the municipal Council has approved the annual budget, the municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form—

> the supporting documentation within ten working days after the municipal council has approved the annual budget;

> the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan; and

> any other information as may be required by the National Treasury.

#### **4.5. Service Delivery and Budget Implementation Plan (SDBIP)**

(a) The Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.

(b) The SDBIP shall include the following components:

i. Monthly projections of revenue to be collected for each source

ii. Monthly projections of expenditure (operating and capital) and revenue for each vote

iii. Quarterly projections of service delivery targets and performance indicators for each vote

iv. Ward information for expenditure and service delivery

v. Detailed capital works plan broken down by ward over three years

#### **5. CAPITAL BUDGET**

(a) The capital budget shall distinguish between rehabilitated, replacements and new infrastructure.

(b) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

(c) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

(d) Before approving a capital project, the Council must consider:

i. the projected cost of the project over all the ensuing financial years until the project becomes operational,

ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

iii. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,

iv. Impact on depreciation of fixed assets,

v. Impact maintenance of fixed assets, and

iv. any other ordinary operational expenses associated with any item on such capital budget.

(e) Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.

(f) The capital expenditure shall be funded from the following sources:

#### **Revenue or Surplus**

(a) If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.

(b) If the project is to be financed from surplus there must be sufficient cash available at the time of execution of the project.

#### **External loans**

(a) External loans can be raised only if it is linked to the financing of an asset

(b) A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if it can be reasonably assumed as being secured

(c) The loan redemption period should in the main not exceed the estimated life expectancy of the asset

(d) Interest payable on external loans shall be included as a cost in the revenue budget

(e) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes/function to which the projects relate.

(f) The provisions of Section 46 of the Municipal Finance Management Act No. 56 of 2003 must also be complied with.

#### **Grant Funding**

(a) Non capital expenditure funded from grants must be budgeted for as part of the revenue budget;

(b) Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated, the interest can then be allocated directly to the revenue accounts.

### **6. OPERATING BUDGET**

(a) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.

(b) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.

(c) The operating budget shall reflect the impact of the capital component on:

- depreciation charges
- repairs and maintenance expenses
- interest payable on external borrowings
- other operating expenses.

## **7. FUNDING OF CAPITAL AND OPERATING BUDGET**

(a) The budget may be financed only from:

- i. realistically expected revenues, based on current and previous collection levels;
- ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- iii. borrowed funds in respect of the capital budget only.

## **8. UNSPENT FUNDS / ROLLOVER OF BUDGET**

(a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

(b) Only unspent grants (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budgeted year

(c) Conditions of the grant fund shall be taken into account in applying for such rollover of funds

(d) Application for rollover of funds shall be submitted to National Treasury by 30 August and if approved it will be included in the adjustments budget.

(f) No unspent operating budget shall be rolled over to the next budget year

## **9. VIREMENTS BUDGET/ BUDGET TRANSFERS**

The virements budget is covered in detail in a separate policy. The virement policy applies to transfers between line items within functions/sub-functions. Virements can only take place within a function or sub-function and the same source of funding.

## **10. ADJUSTMENT BUDGET**

(a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities and are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations regarding the revision of the IDP, SDBIP and the budget-related policies that may arise out of these adjustments to the budget.

(b) Council may revise its annual budget by means of an adjustments budget as prescribed by legislation in terms of section 28 of the MFMA and regulation 23 of The Municipal Budget and Reporting regulations, which provides inter alia for the following:

(i) An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but **not later than 28 February** of the current year.

(ii) Only **one** adjustment Budget referred to above may be tabled in the Municipal Council during a financial year, except:

- when additional revenues are allocated to a municipality in a national or provincial adjustment budget or via institutional grants
- to authorise unforeseen and unavoidable expenditure
- to authorise roll-overs from the previous financial year

(c) An adjustments budget must contain all of the following:

- i. an explanation of how the adjustments affect the approved annual budget;
- ii. appropriate motivations for material adjustments; and
- iii. an explanation of the impact of any increased spending on the current and future annual budgets.

(d) Any unappropriated surplus from previous financial years, if fully cash backed, may be used to balance any adjustments budget.

(e) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

(f) Unauthorised expenses may be authorised in an adjustments budget.

(g) In regard to unforeseen and unavoidable expenditure, the following apply:

i. The Mayor may authorise such expenses in an emergency or other exceptional circumstances;

ii. Any such expenditure-:

- Must be in accordance with any framework that may be prescribed;
- May not exceed R15 million;
- Must be reported by the Mayor to the Municipal Council at its next meeting;
- And must be appropriated in an adjustments budget which must be passed within 60 days of such expenditure being incurred.

## 11. BUDGET IMPLEMENTATION

### 11.1 Monitoring

(a) The accounting officer with the assistance of the chief financial officer and other senior managers are responsible for the implementation of the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

b) The Accounting officer with the assistance of the chief financial officer must prepare an adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.

c) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

## **11.2 Reporting**

### **11.2.1 Monthly budget statements**

a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

#### **This report must reflect the following:**

- i) actual revenues per source, compared with budgeted revenues;
  - ii) actual expenses per vote, compared with budgeted expenses;
  - iii) actual capital expenditure per vote, compared with budgeted expenses;
  - iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
  - v) the amount of grant - allocations received, compared with the budgeted amount;
  - vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
  - viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - ix) projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- b) The report to the National and provincial Treasuries must be both in electronic format and in a signed printed formats.

### **11.2.2 Quarterly Reports**

a) The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

### **11.2.3 Mid-year budget and performance assessment**

a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

b) The Accounting officer must then submit a report on such assessment to the Mayor (Exco) by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and

for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

#### **11.2.4 MSCOA PORTAL UPLOADS**

MSCOA monthly actuals must be uploaded on the National Treasury Portal within ten working days of the start of the month. Quarterly uploads of actuals, investments and borrowings must be done within 30 days of the end of the quarter.

#### **12. PUBLICATION OF DOCUMENTS**

The respective Heads must place on the municipality's official website the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the integrated development plan
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

# **ALFRED DUMA LOCAL MUNICIPALITY**



## **VIREMENT POLICY**

**2019/2020**



## TABLE OF CONTENTS

		<u>Page No:</u>
1.	Definitions	3
2.	Background and Purpose	3
3.	Application of the Policy	4
4.	Limitations on the amount of Virement	5
5.	Virement permitted only if savings are projected	5
6.	Futher restrictions on Virement	5
7.	Procedure for Virement	6
8.	Financial Responsibility	7
9.	Reporting	7

## 1. Definitions

1. **“Accounting officer”** means the Municipal Manager of Alfred Duma local Municipality.
2. **“Executive Director Finance (CFO)”** means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the Executive Director Finance (CFO).
3. **“Capital budget”** this is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.
4. **“Council”** means the council of Alfred Duma Local Municipality.
5. **“Financial year”** means a 12-month year ending 30 June.
6. **“Line item”** an appropriation that is itemised on a separate line in a budget adopted with the idea of greater control over expenditure.
7. **“Operating budget”** The Municipality's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
8. **“Service delivery and budget implementation plan”** means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget.
9. **“Virement”** is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant manager to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
10. **“Function”/ “Vote”** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality, and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## 2. Background and Purpose

- 2.1 Virement is the process of transferring approved funds from one line item of the budget to another, essentially a means of utilising funds set aside for one purpose within a budget for expenditure of a different purpose.

2.2 Virement is to be used to encourage a flexible approach to utilising allocated funds, which enables managers to take advantage of opportunities that arise within the current financial year and give managers the motivation to reduce costs, control budgets and provide an efficient and effective service.

2.3 Each year, the Municipality creates an annual budget which must be approved by Council. It is intended that the budget will be set for the duration of the financial year. However, circumstances and priorities may change resulting in over-budgeted and under-budgeted expenditure which will require movement between line items.

### 3. Application of the Policy

3.1 This policy applies to transfers between line items within functions/sub-functions. Virements can only take place within a function or within/between sub-functions and the same source of funding.

3.2 Section 28(2) of the MFMA provides that an adjustments budget may authorise the utilisation of projected savings in one vote/function towards the spending in another vote/function. MFMA Circular 89 provides that the creation of new projects or savings across functions can only take place through an adjustments budget.

3.3 *"Vote"/"Function" means –*

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount is appropriated for the purposes of the department or functional areas concerned.

3.5 With the implementation of MSCOA, virements will also be permitted within a project between each of the segments, provided funds are moved across the same segment type e.g from an item segment to another item segment within the project, or from one region segment to another region segment within the project etc.

3.6 Virements between MSCOA Projects will be permitted provided it complies with all other provisions of this policy. Virements from the repairs and maintenance project in the project segment will not be permitted.

3.7 Virements to correct MSCOA classifications or to further split budgets for MSCOA purposes will be permitted through-out the financial year for all MSCOA segments. These virements must be prepared by the Budget Office, and approved by the Chief Financial Officer (CFO). These virements must also be distinguished as an "MSCOA Correction" on the virement form.

#### **4. Limitations on the amount of Virement**

4.1 (a) The total amount transferred within functions or sub-functions in any financial year may not exceed 20% of the total approved operating expenditure budget for that main function.

(b) The total amount transferred from and to line items in the entire budget in any financial year may not exceed 10% of the total operating budget expenditure for that year.

(c) The amount of any one transfer of funds between line items may not exceed the sum of R 200,000.00.

4.2 A transfer which exceeds, or which would result in the exceeding of any of the limits referred to above may be performed if approved by the Accounting Officer.

#### **5. Virement Permitted only if Savings are Projected**

A transfer of funds from one line item to another may only take place if there are projected savings from the line item from which the funds are to be transferred.

#### **6. Further Restrictions on Virement**

6.1 A transfer of funds between line items shall not be permitted if the virement:

- (a) alters the approved outcomes or outputs of an Integrated Development Plan; or
- (b) results in any adjustments to the Service Delivery and Budget Implementation Plan;
- (c) Contravenes any policy of the Municipality.

6.2 To the extent that it is practical to do so, transfers within the first three months of the financial year should be avoided unless this is required in terms of an MSCOA correction virement in paragraph 3.7 above.

6.3 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a line item of a budget for a particular year to a line item of a budget for a subsequent year.

6.5 The transfer of funds in any year shall not give rise to expectations of a similar transfer occurring in a subsequent year.

6.6 The transfer of funds must in any event not contravene the provisions of paragraph 4.6 of the MFMA Circular 51 (Municipal Budget Circular of the 2010/2011 MTREF) which provides as follows:

- (a) "Virements should not be permitted in relation to the revenue side of the budget;
- (b) Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (eg. The management of central insurance funds and insurance claims from separate votes);
- (c) Virements from the capital budget to the operating budget should not be permitted;
- (d) Virements towards personnel expenditure should not be permitted;
- (e) Virements to or from the following should not be permitted: bulk purchases, debt impairment, interest charges, depreciation, grants to individuals, revenue foregone, insurance and VAT;
- (f) Virements should not result in adding "new" projects to the Capital Budget;
- (g) Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted.

6.7 As per MFMA Circular 89 virements should not be allowed from the repairs and maintenance project in the project segment.

## **7. Procedure for Virement**

7.1 Transfers may only be made by the Heads of Department or senior delegated officials in the Budget and Treasury Department"

7.2 The Accounting Officer shall prescribe a form on which all transfers shall be made, not limited to the following:

- (a) The name of the department
- (b) Descriptions of the MSCOA segments to be used
- (c) The amount of the transfer
- (d) The saving in the line item from which the transfer is to be made
- (e) The reason for the transfer; and

7.3 Each transfer shall be submitted by the Head of Department to the Executive Director Finance (CFO)

7.3.1. The Executive Director Finance (CFO) can either:

- (a) Approve the transfer
- (b) Reject the transfer
- (c) Refer the transfer to the Municipal Manager

7.4 Virements in respect of conferences and delegations and entertainment shall be approved by the CFO.

## **8. Financial Responsibilities**

Strict budgetary control must be maintained throughout the financial year, in order to identify potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Section 100 MFMA)

The Executive Director Finance (CFO) has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a department or activity to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

## **9. Reporting**

The Accounting Officer shall submit a report on all transfers made under this Policy to the Mayor every quarter.



# **ALFRED DUMA LOCAL MUNICIPALITY**

## **CASH MANAGEMENT AND INVESTMENT POLICY**

## **1. LEGAL COMPLIANCE**

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

The municipality is required to establish an appropriate and effective cash management and investment policy that sets out the objectives, policies, statutory requirements and guidelines for cash management and investment of funds.

A paraphrase of the provisions of this Act is attached as Annexure A to this policy.

## **2. OBJECTIVE OF THE CASH MANAGEMENT AND INVESTMENT POLICY**

The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The cash management and investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus. The municipality must maintain adequate liquidity to meet cash flow requirements.



### 3. EFFECTIVE CASH MANAGEMENT

#### 3.1 Cash Collection

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.

The respective responsibilities of the Chief Financial Officer and other heads of departments in this regard is defined in a code of financial practice approved by the Municipal Manager and the Chief Financial Officer, and this code of practice is attached as Annexure II to this policy.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

#### 3.2 Payments to Creditors

The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favorable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.

Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if

the Chief Financial Officer determines that there are financial incentives for the municipality to do so.

### 3.3 Management of Inventory

Each Head of Department and the Stores Manager shall ensure that such department's / municipality's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each Head of Department and the Stores Manager shall periodically review the levels of inventory held in his/her department and at the Main Stores respectively and shall ensure that any surplus items be made available to the Chief Financial Officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

### 3.4 Cash Management Programme

The Chief Financial Officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a daily basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of Department shall in this regard furnish the Chief Financial Officer with all such information as is required, timeously and in the format indicated.

The Chief Financial Officer shall report to the Finance Portfolio Committee on a monthly basis and/or to a council meeting when required. Such a report shall indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

#### **4. INVESTMENT ETHICS**

The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Municipal Manager, and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Municipal Manager, shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

Neither the Chief Financial Officer nor the Municipal Manager may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

#### **5. INVESTMENT PRINCIPLES**

##### 5.1 Limiting Exposure

Where large sums of money are available for investment the Chief Financial Officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The Chief Financial Officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

##### 5.2 Risk and Return

Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived

to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions.

The preservation and safety of investments is the foremost objective of the investment program. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages market, interest rate and credit risk.

### 5.3 Registered Financial Institutions

Investments must only be made in accordance of the regulations as in section 6 of the Government Gazette Notice No. R308 dated 1 April 2005. The municipality must ensure that it places investments only with credit worthy institutions and regularly monitors its investment portfolio.

### 5.4 Credit Rating for Investments

Investments, both short-term and long-term, can only be made with institutions having a minimum credit rating of A.

### 5.5 Liquidity

The Investment portfolio must remain sufficiently liquid to enable the Municipality to meet all operating requirements that may be reasonably anticipated.

### 5.6 Return on Investments

The investments shall be structured to obtain the optimal possible returns, taking into account investment risk constraints, cash flow needs and the parameters determined for authorised investments.

### 5.7 Prudence

Investment shall be made with care, skill, prudence and diligence. The approach must be that of a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. The standard of prudence to be used by the Investment officials

shall be the “prudent person” standard and shall be applied in the context of managing an overall Investment portfolio. Investment officials are required to :

- i. adhere to written procedures and these guidelines
- ii. exercise due diligence
- iii. prepare all reports timeously
- iv. exercise strict compliance with all legislation

#### 5.8 Speculation

Investments may not be undertaken with a view to speculation.

#### 5.9 Ownership

All investments must be made in the name of Alfred Duma Local Municipality.

#### 5.10 Application

The Municipal Investment Regulations which forms part of the Municipal Finance Management Act, No. 56 of 2003 is applicable to all Municipalities and Municipal Entities and is effective from 1 March 2005.

#### 5.11 Payment of Commission

As a standard practice, investments are only made directly with the Banks and not through intermediaries. The payment of any commission is not acceptable. Funds on call, being short term and therefore liquid investments earn lower interest rates and are kept to minimum levels.

Every financial institution with which the municipality makes an investment must issue a certificate to the Chief Financial Officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

#### 5.12 Call Deposits and Fixed Deposits

The Alfred Duma Local Municipality invests funds on call (overnight) to meet its

daily operating costs. This type of investment is authorised in terms of the Municipal Investment Regulations, see Annexure B, clause 6. Funds not required for immediate use are invested for longer periods in accordance with the funding requirements of the Municipality.

Call accounts may also be maintained for specific funds.

Before making any fixed deposits, the Chief Financial Officer, shall obtain quotations from at least three financial institutions.

Given the volatility of the money market, the Chief Financial Officer, shall, whenever necessary, request quotations from the Banks for the amount of funds, and for the term for which the investment must be placed, via e-mail or telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Having obtained the necessary number of quotations, the decision is then made based on the best terms offered and the Bank is identified with whom the investment is to be placed. Taking account of the investment principles contained in this policy, it is customary to accept the best offer received within the exposure limits. The Banks are fully aware that the rate quoted must be their best rate at that time.

The criteria applied by the Chief Financial Officer in placing funds are the following : -

- (a) Cash requirements of Alfred Duma Local Municipality.
- (b) Interest rate trends.
- (c) Imminent changes in interest rates.
- (d) Risks involved given existing exposure of individual Banks.
- (e) Quoted rates.

The cash forecast caters for the fully estimated inflows and outflows of funds and the information is reviewed by the Chief Financial Officer to best determine the investment or disinvestment of funds.

Once the best investment terms have been identified, written confirmation of the quotation must be immediately obtained (by facsimile, email or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

All investments are made via the Electronic Funds Transfer (E.F.T) and the relevant documentation is transmitted by facsimile or e-mail to the individual Banks confirming investment or disinvestment transactions.

#### 5.13 Restriction on Tenure of Investments

No investment with a tenure exceeding twelve months shall be made without the approval of the Council.

#### 5.14 Prohibited Investment Instruments and Practices

There are a considerable number of investment instruments which the Municipality does not utilise as there is no enabling legislation which permits such investments. Some of the prohibited investments are as follows : -

- (a) Investment in Listed Shares (Equities). The amount invested fluctuates with changes in the value of the shares in the portfolio. Although the returns are higher than most other investment options, it may be difficult to realise the investment at the time funds are required and the risk of capital loss is considerable. Additionally in depth knowledge of the equity market is required.
- (b) Borrowing for investment purposes is prohibited. At any given time, with a conventionally shaped interest yield curve, long term interest rates will exceed those for the short term. In the vast majority of instances therefore funds will need to be borrowed at an interest rate which includes the lending Bank's risk and their premiums exceeding the likely short term investment returns.

- (c) The use of derivative instruments. The safety of principal is not assured. A high degree of expertise is required to utilise derivative instruments effectively, and there is a risk of losing the principal amount.
- (d) Investment in Market Linked; Endowment Policies. The safety of principal is not assured as the principal will fluctuate with changes in the value of the investments underlying the policy. The funds are tied up for the duration of the investment and are illiquid.
- (e) Investments denominated in foreign currencies are prohibited; however it is possible to make an investment if the investment is denominated in Rand and is not indexed to, or affected by fluctuations in the value of the Rand against any foreign currency in terms of clause 7 of the Municipal Investment Regulations.

## **6. CONTROL OVER INVESTMENTS**

The Chief Financial Officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The Chief Financial Officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers, if such certificates are issued.

## **7. OTHER EXTERNAL INVESTMENTS**

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government,



Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the Chief Financial Officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Council, and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

## **8. BANKING ARRANGEMENTS**

The Municipal Manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the Chief Financial Officer. The Chief Financial Officer is authorised at all times to approve electronic transfers / payments, to sign cheques and any other documentation associated with the management of such accounts. The Municipal Manager, in consultation with the Chief Financial Officer, is authorised to appoint three or more additional signatories in respect of such accounts, and to amend such appointments from time to time.

In compliance with the requirements of good governance, the Chief Financial Officer shall open a bank account for ordinary operating purposes, and shall further open additional accounts as required.

Unless there are compelling reasons to do otherwise, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the best interest payable to the municipality.

Tenders may be invited if the Municipal Manager, in consultation with the Chief Financial Officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the Council, agrees to the invitation of such tenders. The Municipal Manager shall therefore invite tenders for the municipality's bank accounts.

## 9. RAISING OF DEBT

The Municipal Manager is responsible for the raising of debt, but may delegate this function to the Chief Financial Officer, who shall then manage this responsibility in consultation with the Municipal Manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the Chief Financial Officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

## 10. INTEREST ON INVESTMENTS

### Call Accounts

The interest accrued on the municipality's call accounts shall be recorded in the municipality's operating account as ordinary operating revenues, unless a call account is utilized for a specific purpose and requires that the interest accrued remains in such call account.

### Fixed Deposits

The interest accrued on all the municipality's fixed deposit investments shall, in compliance with the requirements of generally recognised accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of the year, to the fund or account in respect of which such an investment was made.

## 11. MONTHLY CASH FORECAST

The Monthly Cash Forecast spreadsheet has been designed to reflect the monthly movement of income and expenditure taking cognisance of the opening cash balances and finishing with the closing cash balances. The actual call account and current account balances are compared to the budgeted balances. Material variances are investigated and explanation of the large variances are reported monthly to Management. The Monthly Cash Forecast is a micro forecast and it is linked to the Annual Cash Forecast, and is informed by the Investment Plan.

The following steps are performed by the Accountant : Expenditure in producing the Monthly Cash Forecast spreadsheets.

- a) Analyse the Annual Cash Flow Forecast based on operating estimates and capital estimates.
- b) For the month concerned extract the closing call account balance from the Call Rate Sheet and the current account balance from the daily Cash Forecast.
- c) Provide for Abnormal income
  1. EasyPay receipts and (daily including Weekends).
  2. Equitable Share (3 times per annum July, November and February)
  3. Bulk Electricity (last week of each month).
  4. Peaks in income at the beginning of the month and at the end of the month are also considered.
  5. Grants/subsidies as reflected on the Annual Cash Forecast.
  6. Receipt of long term borrowings.
  7. Investment maturities.
- d) Normal income after adjustment of abnormal income is apportioned accordingly, taking into account the total income received as reflected on the Annual Cash Forecast.
- e) Changes in trends pertaining to income received are factored into future

## Monthly Forecasts.

### f) Provide for Abnormal Expenditure

1. Provide for Eskom, 31<sup>st</sup> of each month.
2. Salaries on the last working day of each month.
3. Staff Benefits payments: Medical Aid (4<sup>th</sup>) PAYE (4<sup>th</sup>), UIF (4<sup>th</sup>), Skills Development Levy (4<sup>th</sup>), Pension Fund (4<sup>th</sup>) and Housing Bonds (31<sup>st</sup>).
4. Provide for VAT payment, 31<sup>st</sup> of each month.
5. Other expenses, Telkom, Fuel, Security, Contract payments
6. Loan repayments as per Accountant's schedule.

g) Normal expenditure, after adjusting for abnormal expenditure is apportioned accordingly, taking into account the total expenditure as reflected on the Annual Cash Forecast.

h) Changes in trends pertaining to expenditure are factored into future Monthly Forecasts.

i) Capital expenditure and funding receipts are also provided on the Monthly Cash Forecast. Historical capital expenditure patterns are used. Adjustments are also made for the payments profile for larger capital contracts in progress.

j) After budgeted figures are accounted for, the actual figures for balances on call and current account are entered on the spreadsheet.

k) Variances are reflected and explained.

## 12. INTERNAL CONTROL PROCEDURES

The internal control procedures involves Internal Audit and the Auditor-General reviewing and testing the system of Investments on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the Investment portfolio.

**Controls deemed most important include : -**

- (a) Control of collusion, separation of duties.
- (b) Custodial safekeeping.
- (c) Rotation of duties.
- (d) Written confirmation of telephone and e-mail transactions.
- (e) Minimising the number of authorised Investment officials.
- (f) Checking and verification by senior officials of all investment transactions.
- (g) Documentation of transactions and strategies.
- (h) Code of ethics and standards.
- (i) Strict adherence to Investment Policy.
- (j) Limits placed on investments by the various officials.
- (k) Procedure manuals.
- (l) Electronic Funds Transfer limits and a detailed procedure manual for the system.
- (m) Monthly reporting to Committee of all investments.

### **13. REPORTING AND MONITORING REQUIREMENTS**

Regular reporting mechanisms are in place in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations –

**Daily activities : -**

- The current account bank balances and investment cash forecast is reviewed by the Chief Financial Officer.
- The Accountant Expenditure monitors the prevailing market conditions, economic developments and anticipated investment conditions and any other activities warranting possible revisions of current or planned investment options in order to inform decision making.
- The current account bank balances and investment activities is e-mailed to the Chief Financial Officer and Municipal Manager.
- All investments are made via Electronic Funds Transfer (EFT) with very stringent controls.

**Weekly activities :** -

- The cash balances report is submitted to the Chief Financial Officer and Municipal Manager.

**Monthly activities :** -

- All functions and tasks carried out by the Accountant Expenditure in terms of investments is reviewed by the Deputy Chief Financial Officer, the Manager Financial Reporting and Expenditure Management. And the Assistant Manager Expenditure
- The Investment portfolio and cash balances report are submitted to the Chief Financial Officer.
- Review of Investment Plan.
- Reconciliation of bank accounts.
- Accounting transactions for purchase and sale of investments.
- Reconciliation of all interest due.
- Comparison of the cash flow forecast to actual.
- A report on the Investment portfolio is furnished to the Executive Committee, within ten working days of each month.

**Quarterly activities :** -

- Analysis of Banks BA900 to determine exposure limits of banks
- Report to Executive Committee on investments purchased.

**Annual activities :** -

- Preparation of the cash flow forecast.
- Preparation of the annual budget.
- Preparation of Annual Financial Statements.
- Regular reviews by Internal Audit and the Auditor General.
- Review of Investment Policy.
- Prior to year end details of bank accounts submitted to Auditor General and National Treasury.

## **ANNEXURE A**

### **1. Local Government Municipal Systems Act 32 of 2000**

Section (60) (2), as amended:

The council may only delegate to the Municipal Manager the power to make decisions on investments on behalf of the Municipality within the municipality's investment policy contemplated in section 13(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

### **2. Paraphrase of Requirements of Municipal Finance Management Act No. 56 of 2003**

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the Municipal Manager.

## **SECTION 7: OPENING OF BANK ACCOUNTS**

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

## SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The Municipal Manager of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the Municipal Manager has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

## SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The Municipal Manager of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.



## SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The Municipal Manager of the municipality must administer the entire municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The Municipal Manager may delegate the duties referred to above only to the municipality's Chief Financial Officer.

## SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the Municipal Manager or the Chief Financial Officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the Municipal Manager, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorize the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The Municipal Manager may not authorise any official other than the Chief Financial Officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

## SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the Municipal Manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the Municipal Manager, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

## SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

#### SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year.
- particulars of the municipality's investments.

#### SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The Municipal Manager must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

### SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the Municipal Manager of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

### SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the Municipal Manager of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

### SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the Municipal Manager must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

#### SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

#### SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

#### SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The Municipal Manager of the municipality is responsible for the management of the revenue of the municipality. The Municipal Manager, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The Municipal Manager must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The Municipal Manager must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

#### SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The Municipal Manager of the municipality is responsible for the management of the expenditure of the municipality.

The Municipal Manager must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The Municipal Manager must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The Municipal Manager must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

**ANNEXURE B****GOVERNMENT GAZETTE, 1 APRIL 2005****GOVERNMENT NOTICES****NATIONAL TREASURY****No. R.308****1 April 2005****LOCAL GOVERNMENT : MUNICIPAL FINANCE MANAGEMENT ACT 2003  
MUNICIPAL INVESTMENT REGULATIONS**

The Minister of Finance, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of Section 168, read with Section 13 and 99 (2)(g), of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003), made the regulations as set out in the Schedule.

**SCHEDULE****Definitions**

1. In these regulations, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act, has the same meaning, and "Act" means the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"investee" means an institution with which an investment is placed, or its agent;  
 "investment manager" means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, 1989 (Act No. 55 of 1989) and Stock Exchanges Control Act, 1985 (Act No. 1 of 1985), contracted by a municipality or municipal entity to :-

- (a) advise it on investments;
- (b) manage investments on its behalf; or
- (c) advise it on investments and manage investments on its behalf.

**“trust money”** means money held in trust on behalf of third parties in a trust contemplated in terms of Section 12 of the Act.

### **Application**

2. (1) These regulations apply to :-
  - (a) all municipalities
  - (b) all municipal entities; and
  - (c) all investment managers acting on behalf of, or assisting, a municipality or municipal entity in making or managing investments.
- (2) These regulations do not apply :-
  - (a) to a pension or provident fund registered in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956), or any subsequent legislation; or
  - (b) in respect of trust money administered by a municipality or municipal entity where a trust deed prescribes how the trust money is to be invested.
- (3) Municipal pension or provident funds which do not comply with sub-regulation (2)(a) are exempted from these regulations until 30 June 2005.
- (4) The accounting officer of a municipality and municipal entity must provide the National Treasury with details of all pension or provident funds that do not comply with sub-regulation (2)(a) within 30 days of promulgation of these regulations.

### **Adoption of Investment Policies**

3. (1) The investment policy to be established by a municipality in terms of Section 13(2) of the Act, must be :-
  - (a) adopted by the Council of the municipality; and
  - (b) consistent with the Act and these regulations.
- (2) The board of Directors of a municipal entity must adopt an investment policy for the entity consistent with the Act and these regulations.



- (3) All investments made by a municipality or municipal entity, or by an investment manager on behalf of a municipality or municipal entity, must be in accordance with the investment policy of the municipality or entity and these regulations.

#### **Core elements of Investment Policies**

4. The investment policy of a municipality or municipal entity must :-

- (a) be in writing;
- (b) give effect to these regulations; and
- (c) set out :-
  - (i) the scope of the policy;
  - (ii) the objectives of the policy, with due regard to the provisions of these regulations relating to :-
    - (aa) the preservation and safety of investments as the primary aim;
    - (bb) the need for investment diversification; and
    - (cc) the liquidity needs of the municipality or municipal entity;
  - (iii) a minimum acceptable credit rating for investments, including :-
    - (aa) a list of approved investment types that may be made, subject to regulation 6;
    - (bb) a list of approved institutions where or through which investments may be made, subject to regulation 10;
  - (iv) procedures for the invitation and selection of competitive bids or offers in accordance with Part 1 of Chapter 11 of the Act;
  - (v) measures for ensuring implementation of the policy and internal control over investments made;
  - (vi) procedures for reporting on and monitoring of all investments made, subject to regulation 9;
  - (vii) procedures for benchmarking and performance evaluation;
  - (viii) the assignment of roles and functions, including any delegation of decision making powers;
  - (i) if investment managers are to be used, conditions for their use, including their liability in the event of non-compliance with the policy or these regulations; and
  - (ii) procedures for the annual review of the policy.

### **Standard of care to be exercised when making Investments**

5. Investments by a municipality or municipal entity, or by an investment manager on behalf of a municipality or entity :-
  - a) must be made with such judgement and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that persons' own affairs;
  - b) may not be made for speculation but must be a genuine investment; and
  - c) must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity and lastly to the probable income derived from the investment.

### **Permitted Investments**

6. A municipality or municipal entity may invest funds only in any of the following investment types :-
  - (a) securities issued by the national government;
  - (b) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
  - (c) deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
  - (d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
  - (e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
  - (f) banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;
  - (g) guaranteed endowment policies with the intention of establishing a sinking fund;
  - (h) repurchase agreements with banks registered in terms of the Banks Act, 1990;
  - (i) municipal bonds issued by a municipality; and
  - (j) any other investment type as the Minister may identify by regulation in terms of Section 168 of the Act, in consultation with the Financial Services Board.

### **Investments denominated in foreign currencies prohibited**

7. A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

### **Payment of commission**

8. (1) No fee, commission or other reward may be paid to a Councillor or Official of a municipality or to a Director or Official of a municipal entity or to a spouse or close family member of such Councillor, Director or Official in respect of any investment made or referred by a municipality or municipal entity.
- (2) If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by a municipality or municipal entity, both the investee and the investment manager must declare such payment to the Council of the municipality or the board of directors of the municipal entity by way of a certificate disclosing full details of the payment.

### **Reporting requirements**

9. (1) The accounting officer of a municipality or municipal entity must within 10 working days of the end of each month, as part of the Section 71 report required by the Act, submit to the mayor of the municipality or the board of directors of the municipal entity a report describing in accordance with generally recognised accounting practice the investment portfolio of that municipality or municipal entity as at the end of the month.
- (2) The report referred to in sub-regulation (1) must set out at least :-
  - (a) the market value of each investment as at the beginning of the reporting period;
  - (b) any changes to the investment portfolio during the reporting period;
  - (c) the market value of each investment as at the end of the reporting period; and
  - (d) fully accrued interest and yield for the reporting period.

### **Credit requirements**

10. (1) A municipality or municipal entity must take all reasonable and prudent steps consistent with its investment policy and according to the standard of care set out in regulation 5, to ensure that it places its investments with credit worthy institutions.
- (2) A municipality or municipal entity must :-
  - (a) regularly monitor its investment portfolio; and
  - (b) when appropriate liquidate an investment that no longer has the minimum acceptable credit rating as specified in its investment policy.

### **Portfolio diversification**

11. A municipality or municipal entity must take all reasonable and prudent steps, consistent with its investment policy and according to the standard of care prescribed in regulation 5, to diversify its investment portfolio across institutions, types of investment and investment maturities.

### **Miscellaneous Provisions**

12. (1) The responsibility and risk arising from any investment transaction vests in the relevant municipality or municipal entity.
- (2) All investments made by a municipality or municipal entity must be in the name of that municipality or municipal entity.
- (3) A municipality or municipal entity may not borrow money for the purpose of investment.

### **Existing Investments**

13. Nothing in these regulations compels a municipality or municipal entity to liquidate an investment which existed when these regulations took effect merely because such investment does not comply with a provision of these regulations.

### **Commencement**

These regulations took effect on 1 April 2005.

## **ANNEXURE C**

### **CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES**

#### **1. STORES ADMINISTRATION**

The Chief Financial Officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned. No sub-store may be established without the prior written consent of the chief financial officer.

#### **2. CONTRACT MANAGEMENT**

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the council:

- all buying contracts shall be administered by the Chief Financial Officer, and all payments relating to such contracts shall be authorised by the Chief Financial Officer or the departmental head; and
- all other contracts, including building, engineering and other civil contracts shall be administered by the departmental head, and all payments relating to such contracts shall be authorised by such head of department in accordance with the provisions of Section 3 below. The departmental head) concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the Chief Financial Officer for payment.

#### **3. PAYMENTS**

- 3.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).

- 3.2 The Chief Financial Officer shall draw all cheques on this account, and shall, in consultation with the Municipal Manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the Municipal Manager decide on appropriate signatories.
- 3.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 3.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 3.5 The Chief Financial Officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

#### 4. REVENUE AND CASH COLLECTION

- 4.1 Every head of department responsible for revenue collection shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 4.2 The Chief Financial Officer shall ensure that all revenues are properly accounted for.
- 4.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the Chief Financial Officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the Chief Financial Officer shall report the matter adequately and timeously to Council.

- 4.4 The Chief Financial Officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

5. BANKING OF RECEIPTS

- 5.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the Chief Financial Officer.
- 5.2 Where applicable, every departmental head responsible for revenue collection shall ensure that all revenues are banked daily with the municipality's banker(s).

6. UNIDENTIFIED DEPOSITS

6.1 Municipal Bank Account Deposits, Direct Transfers and Electronic Banking

- Identify all the direct credits on the bank statement, such as direct deposits by ratepayers, consumers and levy payers, subsidies and grants paid by National and Provincial governments, interest on investments and miscellaneous credits. Process these credits by capturing to the respective votes on the system.
- Identify full details of these credits timely to avoid having to account for these credits in the Unidentified Deposits Account;
- Record all unidentified credits (deposits) in a suitable register to facilitate future claims against the amount and follow up; and
- Balance the unidentified deposits register to the Unidentified Deposits Account in the general ledger on a monthly basis.

6.2 Direct Bank Payments

Direct payments such as direct deposits / bank transfers to the municipality's bank account are received without proper reference and the origin of the payment cannot always be allocated.

6.3 Receipts and Clearing of Accounts

All receipts must be correctly allocated to the relevant debtors account and furthermore the amount must be correctly allocated to the correct services paid for.

The payee cannot be identified when there is no reference against the deposit when it appears on the bank statement. These deposits have to be identified and captured into the receipting system to ensure that debtors' accounts are credited. Direct deposits/bank transfers to the municipality's bank account have to be accompanied by identification (reference) of the party making the deposit/ transfer.

#### 6.4 Procedures Regarding Unidentified Deposits

Any unknown deposits will be temporarily posted to the Creditors Account – Unidentified Deposits. These amounts must be traced to deposits or remittances and must be followed up by contacting the payee or bank where applicable, to verify for what or whom the payment was received.

Unallocated deposits in the Unidentified Deposits Account should be traced as to its origin, the details of the depositor and journalised to the correct accounts. Debtors / ratepayers are notified and requested to include account numbers on deposit slips when paying by internet banking and specific reference when payment is made to ensure that the unidentified deposits reduces.

When deposits are received without adequate supporting documentation or explanation, the amounts are posted to the Unidentified Deposits Account and it is the responsibility of employees to investigate and clear each item and the following procedures are followed:

- All unidentified credits (receipts) should be recorded in a suitable register to facilitate future claims against the amount and followed up; and
- Balance the unidentified deposits register to the Unidentified Deposits Account in the General ledger on a monthly basis.

These accounts should be monitored and reconciled on a monthly basis. It should be manageable to reconcile and keep these accounts



up to date each month, once long outstanding items have been cleared and correctly allocated.

After a period of 6 (six) months when no claims are made or the origin of the deposit is still unknown / unidentified, the unknown deposit as posted in the Unidentified Deposit Account will be journalised to the Sundries Revenue Account.

A report must be submitted on a regular basis to Council with regard to unidentified deposits that have been identified and allocated accordingly and those deposits that have been transferred to the Sundries Revenue Account.